

هيرا لندون



Table with exchange rates for various currencies including US Dollar, Japanese Yen, West German Mark, and others.

Herald Tribune

Published With The New York Times and The Washington Post

The Global Newspaper Edited and Published in Paris Printed simultaneously in Paris, London, Zurich, Hong Kong, Singapore, The Hague, Marseille, Miami.

No. 82,319 4/87 ** PARIS, WEDNESDAY, JANUARY 21, 1987

ESTABLISHED 1887

Seoul Official Quits After Disclosure Of Police Torture

LATE NEWS

13th Daily Gain Is Dow Record

The Dow Jones industrial average of blue chip stocks set a record Thursday in New York, posting its 13th straight daily gain. The average, which finished above 2,100 for the first time Monday, closed up 1.97 at 2104.47. The average set its previous 12-day record in December 1970. Page 8.

INSIDE TODAY



Boris Becker lost both his poise and his match Tuesday in the Australian Open. Page 15.

GENERAL NEWS

Ireland's coalition cabinet collapsed in a budget dispute and elections were set. Page 2.
BUSINESS/FINANCE
IBM said its profit plunged 48.2 percent in its fourth period, far worse than had been generally expected. Page 9.
Morgan Grenfell's chief executive resigned, a victim of the Guinness scandal. Page 9.

SEoul — The South Korean interior minister, Kim Chong Hoh, resigned Tuesday following the disclosure that a student had been tortured to death while in police custody.

President Chun Doo Hwan made a public apology over the incident. He named Chung Ho Yong, a former general, to replace Mr. Kim.

South Korea's national police chief, Kang Min Chang, formally acknowledged on Monday that Park Jong Chol, 21, died of suffocation last week after his head was forced into water in a bathtub during a police interrogation.

Mr. Park was a third-year student majoring in linguistics at Seoul National University. According to a Seoul newspaper, he had twice been arrested in connection with anti-government demonstrations and had been sentenced to 10 months in jail. He had not served the sentence, however, because it was suspended for two months.

Mr. Kim said Tuesday that he and Mr. Kang had decided to resign to take political and moral responsibility for torture. He was speaking to reporters shortly after Mr. Chun ordered the police force to make every effort to prevent any repetition of such an incident.

In his acknowledgment Monday, Mr. Kang said two officers of a police unit tried to make Mr. Park talk by plunging his head into water. The youth suffocated when his throat was forced against the bathtub rim, Mr. Kang said.

On Tuesday, President Chun told the interior minister: "I express my deep regrets about the unexpected incident coming at a time when our police have been making sustained efforts to develop into a democratic force by standing at the vanguard of safeguarding freedom and human rights of the citizens."
Call for an Inquiry
John Burgess of The Washington Post reported earlier from Tokyo, South Korea's main opposition party had demanded a special Na-



Korean students carry a picture of Park Jong Chol, a student tortured to death by the police. Above, Kang Min Chang, the police chief, one of two officials who resigned.

Iran, Iraq Strike Cities by Air; Tehran Reports Gain on Basra

MANAMA, Bahrain —

Missile and air strikes killed more civilians Tuesday in cities in Iran and Iraq, as Iran reported another advance toward Iraq's second-largest city, Basra, on the southern battlefield.

Iran fired a surface-to-surface missile at Baghdad early Tuesday, and a military spokesman there said that several people had been killed or wounded and houses and shops damaged.

Radio said that two Iraqi brigades

generals, 10 colonels and 10 majors were among 2,150 prisoners of war. Iraqi military sources said Tuesday that Iranian losses had amounted to 90,000 dead or wounded in the 3d Army Corps area east of Basra. Another 10,000 Iranian casualties were reported from a separate offensive on the central front northeast of Baghdad.

In a related development, meanwhile, Claus Kohler, a director of the Bundesbank, said that the central bank's policy-setting council would weigh "currency factors" along with monetary problems at its regular meeting on Thursday.

The disclosure set off speculation

that the Bundesbank might at last be considering a cut in one of its two key lending rates. Japanese government officials said that Mr. Miyazawa and Mr. Baker were expected to try to reconstruct an accord they negotiated Oct. 31 to maintain the value of the dollar in relation to the Japanese yen at the level at that time.

Since then, however, the dollar has fallen almost 10 percent against the yen and Washington has done nothing to halt the decline. The officials said Mr. Miyazawa also would try to seek a renewed U.S. promise that it would not try to "talk down" the value of the dollar against the yen, or move its value by public pronouncements. The export-oriented economies

Baker, Tokyo Minister To Meet on Dollar's Fall

By Ferdinand Protzman International Herald Tribune

FRANKFURT — The dollar turned sharply higher Tuesday on news that Japan's finance minister had flown to Washington for talks with his U.S. counterpart, James A. Baker 3d.

Monetary experts said the meeting, called at the request of the Japanese minister, Kiichi Miyazawa, could be the first step toward a new international accord to brake the U.S. currency's slide.

In New York, news of the meeting pushed up the dollar nearly 2 pennings to 1.8370 Deutsche marks, and to 152.50 yen from 151.60 on Monday.

In Frankfurt, the U.S. currency strong yen breaks textbook rules about prices. Page 9.

gained 3 pennings to end at 1.8375 DM, while in earlier trading in Japan, the dollar rose to 152.25 yen, well up from its postwar record low of 149.98 set Monday. The Bank of Japan bought an estimated \$600 million to \$800 million to support the dollar.

There is political pressure in Japan to stabilize currencies because the rise of the yen damages Japan's ability to export. But Mr. Baker has been willing to let the dollar slide to help shrink the U.S. trade deficit, which is expected to widen to a record \$174 billion this year.

Congress, too, wants a weaker dollar to help American industry, which many observers say has been battered by imports.

But aides said Tuesday that Mr. Miyazawa stands a good chance of getting a pledge from Mr. Baker not to talk the dollar down. A senior Japanese official said Mr. Miyazawa would not risk going to Washington if he did not have a



Kiichi Miyazawa

Illegal Drugs Reported Linked to Contra Affair

By Joel Brinkley New York Times Service

WASHINGTON — Federal drug investigators uncovered evidence last fall that the American flight crews covertly ferrying arms to the Nicaraguan rebels were smuggling cocaine and other drugs on their return trips to the United States.

President Reagan will answer questions about the National Security Council. Page 4.

States, Reagan administration officials have said.

When the crew members, based in El Salvador, learned that Drug Enforcement Administration agents were investigating their activities, one of them warned that they had White House protection, the officials said Monday.

Recent congressional investigations have shown that the covert arms-supply operation was set up and managed with significant direction from Lieutenant Colonel Oliver L. North, the National Security Council aide who was dismissed in November. The flight crew member in El Salvador used Colonel North's name, officials said.

The crew member's warning, made after investigators had searched his house in San Salvador for drugs, caused "quite a stir" at the Ilopango Air Base, where the covert rebel supply operation was based, said an American official familiar with intelligence reports on the matter.

But the incident did not attract wider attention at the time and federal narcotics investigators continued their work, apparently without any interference from the White House or elsewhere, Drug Enforcement Administration officials said.

Several congressional administration and drug enforcement officials said that, to date, they have found no evidence that Colonel North or anyone else in the White House interfered with the drug investigation or were even aware of it. Officials have concluded that the crew member's warning probably was a bluff.

The officials also say the evidence suggests that the drug smuggling was "a free-lance operation" carried out by the crew member.

of the flight crews, not for the benefit of the rebels, who are known as contras, or anyone else. Several unrelated government investigations have suggested but never proved that the contras themselves have smuggled drugs to raise cash for their war effort.

Still, early this month, word of this incident began circulating in the White House and in other government agencies, and some senior officials became "very worried that Ollie really had stopped that investigation, and this would be the next big scandal" in the evolving Iran-contra affair, a former White House official said, using Colonel North's nickname.

The officials' concern increased in light of the recent disclosure that Colonel North had told the Federal Bureau of Investigation in October to stop investigating Southern Air Transport, the Miami air-freight company involved in the contra

See DRUGS, Page 2

Republicans Give Helms Rank on Foreign Panel

WASHINGTON — Senator Jesse Helms of North Carolina unexpectedly defeated Senator Richard G. Lugar of Indiana on Tuesday for the post of ranking Republican on the Foreign Relations Committee.

Senate Republicans, meeting to choose between the Southern conservative and the Midwestern moderate, voted 24-17 to give Mr. Helms the seat. Four Republicans were absent and did not vote.

The vote overruled a 7-0 vote by Republican members of the committee on Jan. 6 in favor of Mr. Lugar, who was Foreign Relations Committee chairman when the Republicans controlled the Senate in the last Congress. The chairmanship now goes to the Democrats.

Mr. Helms, in holding the ranking minority seat on the Foreign Relations Committee, will be considered the unofficial spokesman on foreign policy for the Republicans in the Senate.

The ranking minority member also controls a third of the panel's budget, including the hiring of nine

staff members, and can heavily influence minority reports.

Because the ranking minority member often accompanies the chairman to the White House for policy discussions, the post also can be one of pivotal influence.

Senator Helms's conservative views on many issues, including U.S. policy toward South Africa and support for the Nicaraguan rebels, are sharply different from those of Mr. Lugar and of the committee's chairman, Claiborne Pell, Democrat of Rhode Island.

Mr. Helms, who had portrayed the battle with Mr. Lugar as a defense of the Senate's seniority traditions, said later: "The seniority system won today. It was never a personality contest."

Among those supporting Mr. Helms was Lowell Weicker of Connecticut, a liberal who said that while he had substantial political differences with Mr. Helms, the seniority system should be upheld.

Mr. Helms was elected to the Senate in 1972; Mr. Lugar was elected in 1976. Both men joined the committee in January 1979.

Mr. Lugar, saying that the seniority system has often been disregarded in committee assignments, asserted that the post should be decided on the views and leadership abilities of the candidates.

He asserted that the leadership fight centered on ideological differences over South Africa and Chile. Curt Kirkwood, a spokesman for the Conservative Caucus, said the political action group set up telephone banks and sent out letters for Mr. Helms. "It was time," Mr. Kirkwood said, "for the conservatives in the Republican Party to have a conservative voice on the Foreign Relations panel."



Senator Jesse Helms

Door Still Open, Deng Declares But Leader Speaks Cautiously of Economic Reforms

By Daniel Southerland Washington Post Service

BEIJING — Deng Xiaoping, the senior Chinese leader, said Tuesday that China needed to open up further to the outside world, but he seemed less forceful in his advocacy of economic reforms than before.

In a meeting with Prime Minister Robert Mugabe of Zimbabwe, Mr. Deng was making his first public comments since Hu Yaobang was forced to resign the Communist Party leadership last week.

The removal of Mr. Hu followed demonstrations for freer expression and democracy in China. Mr. Deng said: "If there are any shortcomings in implementing our open policy, the main one is that China needs further opening," the official Xinhua news agency reported.

Diplomats said that Mr. Deng's comments were intended to reassure foreign governments and businessmen that the policy of encouraging foreign investment in China and importing foreign technology and management techniques will continue.

But one diplomat said he saw signs in some of the statements from other Chinese officials that might signal a slowdown in Mr. Deng's economic changes.

Mr. Deng was more cautious in his remarks Tuesday than he had been in the past.

According to Xinhua, Mr. Deng attributed China's success in the past eight years partly to "self-reliance." The language is milder than phrases the Chinese leader was using a few months ago.

"Our goals are now realistic and practical," Mr. Deng told Mr. Mugabe. "China's mistakes committed a few years ago were due to over-demanding and excessive speed, disregarding the country's realities."

He added: "The first step toward genuine political independence is to get rid of poverty."

The Chinese leader also emphasized the defense of the socialist system, previously he had emphasized flexibility and "socialism with Chinese characteristics."

Conservative officials who have been critical of some aspects of Mr. Deng's changes, meanwhile, made their views public in the official

People's Daily newspaper Tuesday. The conservatives have gained stature in ideological and cultural matters following the student demonstrations last month that led to Mr. Hu's downfall. On Tuesday, for the first time, the paper's conservatives seemed to be trying to extend their gains to economics.

The People's Daily carried a front page article reporting the views of members of the National People's Congress who were unanimous in their emphasis on centralized planning, in contrast to the decentralization and use of market incentives promoted by Mr. Deng.

The article quoted Huang Hua, a former foreign minister and vice chairman of the standing committee of the National People's Congress, as saying that attention must be paid to centralized economic planning.

Xu Dixin, a member of the standing committee, said: "We cannot neglect the planned economy completely and the advocacy of high consumption is unrealistic."

The People's Daily reported that some members of local people's

See CHINA, Page 2

3 Questioned, Released In Palme Investigation

By Juris Kaza International Herald Tribune

STOCKHOLM — The police here briefly held three men for questioning Tuesday in connection with the assassination of Prime Minister Olof Palme. But before the end of the day they were released because of what Stockholm's chief prosecutor called insufficient evidence.

The handling of the incident focused new attention on the failure of the police to bring charges in the slaying. Mr. Palme was shot and killed on a Stockholm street on Feb. 28, 1986.

The Stockholm police commissioner, Hans Holmer, was publicly rebuked in December by Sweden's chief law officer for his handling of the investigation. The government has resisted pressure to replace Mr. Holmer.

Tuesday's developments underscored reports in the Swedish press of serious dissension between police investigators, led by Mr. Holmer, and the prosecutors who eventually would have to gain a conviction. The prosecutors are headed by Claes Zaimo.

persons, 12 of them Kurds, who were rounded up Tuesday in police raids in connection with Mr. Palme's killing and the murder of a Kurd in November 1985.

Mr. Holmer officially confirmed Tuesday, for the first time, that Kurdish extremists were his prime suspects in the shooting of Mr. Palme.

Mr. Zaimo, the chief prosecutor, said the three suspects had to be released because there was not enough evidence to charge them.

The police have kept an almost total news blackout on details of the Palme investigation, but Swedish newspapers have speculated for months that the inquiry was focusing on Kurdish extremists. Two men identified as Kurdish political activists were questioned about the case last month.

A police statement said several of the Kurds taken into custody Tuesday were connected with the Kurdish Workers Party, a Marxist-Leninist group suspected of ordering the killing of at least two defectors from its ranks in Sweden, and of Kurdish dissidents elsewhere. Members of the group reported



Kookaburra III Has Clear Sailing Before a Storm Brews in Australia

The crews of Kookaburra II and Kookaburra III celebrated Tuesday in Fremantle, Australia, after Kookaburra III defeated Australia IV a fifth straight time in the America's Cup races.

That ended Alan Bond's hopes of defending the trophy he won from the United States in 1983, and led to acrimony between the leaders of the two Australian yachting syndicates. Page 15.

Have a Smoke, Be Fired U.S. Firm Applies Rule at Home, Too

United Press International

CHICAGO — Employees of USG Acoustical Products Co. have been told to stop smoking, even off duty, or they will be dismissed from their jobs.

"It is not a smoking ban," a USG spokesman, Paul Colitti, said Monday. "It is a ban on smokers, companywide."

The order, to be enforced by lung examinations, would probably withstand a court challenge, legal scholars said.

USG Acoustical, a division of USG Corp., makes thermal insulation and acoustical ceiling tiles. It employs about 1,300 people in seven states. The corporate headquarters are in Chicago.

Legal scholars say that U.S. law is not developed in the area of smoking and that USG Acoustical's ban thus raises questions of invasion of privacy and possible discrimination. But in general, the scholars said, a private employer has the right to run a business as he chooses.

Peter Davis, a lawyer at the Wisconsin Employment Relations Commission, said the ban was legal.

Dale Spencer, a lawyer and professor of journalism at the University of Missouri, said: "The basic law in this area is that the government can't force a lot of things onto you, but a private employer can."

The rule, Mr. Colitti said, was created for the workers' good.

"It's an across-the-board thing applying to workers and management," he said. "We already have a good safety record so it is not being done to cut our insurance costs. It was a decision we've been thinking about to help make everyone healthier."

But Harry Jaffe, a constitutional expert at Claremont McKenna College in California, said: "It certainly doesn't promote the health of an employee to fire him."

WORLD BRIEFS

U.S. Envoy Blocked Morals Charge

LONDON (UPI) — The U.S. Embassy said Tuesday that an American accused of exposing himself to a girl was allowed to leave Britain without being charged because the U.S. ambassador had refused to waive the man's diplomatic immunity.

U.S. Said to Shield Contras on Abuses

LONDON (AP) — President Ronald Reagan's administration has helped shield Nicaraguan rebels from charges that they abducted, mutilated and executed civilian and military captives, the human rights organization Amnesty International said Wednesday.

Widow Urges Lawsuits Against NASA

HOUSTON (AP) — The widow of an astronaut who died in an Apollo spacecraft accident urged the families of crew members killed in the Challenger explosion to file lawsuits, saying NASA and space contractors "don't care anything about you."

Coalition Falls In Dispute on Irish Budget

DUBLIN — Prime Minister Garret FitzGerald's coalition cabinet collapsed Tuesday in a dispute over the budget, making general elections next month virtually certain.

Fire at U.S.-Soviet Nuclear Station

MOSCOW (AP) — Fire destroyed one of three monitoring stations set up by Soviet and U.S. scientists near the Soviet Union's main nuclear weapons test ground in Kazakhstan, a member of the American team said Tuesday.

Sri Lankan Rebel Is Reported Killed

MADRAS, India (Reuters) — A Tamil militant leader has been killed by a powerful rival group in Jaffna in northern Sri Lanka where Tamil separatists are battling the Colombo government, guerrilla sources said here Tuesday.

For the Record

A 15-month economic emergency in Nigeria declared by the military government in 1985 has been extended for two years, the official gazette said.

KOREA: Interior Minister Resigns

(Continued from Page 1) The White House communications director, Patrick J. Buchanan, said Tuesday that he would not run for president in 1988 because of fear that his candidacy "would fracture and embitter, not unite, the leadership and rank-and-file of the conservative cause."

PALME: 3 Men Questioned

(Continued from Page 1) ly resented the Palme government for having failed to give asylum to one of their colleagues. Amnesty International, the London-based human rights organization, said in a recent report that it knows of many credible reports of torture in South Korea but only two cases of officials being prosecuted for it.

DRUGS: Contra Affair Reported Linked to Smuggling

(Continued from Page 1) States in empty planes, the pilots stopped on occasion in Panama, a major drug transshipment center, to pick up cocaine or marijuana.

CHINA: Door Is Open, Deng Asserts

(Continued from Page 1) congresses attending the discussion said that a tendency to neglect, or release control of, the production of grain had to be reversed. They said that a shortage of grain would result in social chaos.

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European Parliament Elects a Conservative From U.K. as Leader

By Peter Maass International Herald Tribune STRASBOURG, France — The European Parliament elected Sir Henry Plumb, a Conservative, as its new president on Tuesday.

Sir Henry, the first Briton to win the Parliament's presidency, defeated Enrique Barón Crespo, a Spanish Socialist, on a 241-236 vote in the third round of balloting. There were 16 invalid votes cast and 25 deputies failed to appear for the election.

Officials said the five-vote margin marked the closest victory in the Parliament's history. "It has been a nail-biting exercise," said Sir Henry, 61, a farmer. "But it was a very healthy and a very dignified campaign."

Sir Henry, chairman of the Parliament's Conservative group and former head of Britain's National Farmers Union, was given a ovation by center-right deputies when the election result was announced. He succeeds Pierre Pflimlin, 79, a French Christian Democrat.

GULF: Cities Attacked

(Continued from Page 1) further forward than they were last Friday. Another source with access to U.S. satellite information said the Iranian Army was still nine miles east of Basra and about two miles from the main Iraqi fortifications defending the port city at Abu Khazib.

INQUIRY INTO KUWAIT FIRES

Kuwait began an official investigation Tuesday into fires Monday night at three of its offshore and desert oil sites, Reuters reported.

COLOMBIA CONNECTION

George Gardner Jr. of The Washington Post reported from Washington. The independent counsel for the Iran affair, Lawrence E. Walsh, has received a report, allegedly given short shrift at the Justice Department last fall, of a connection between Colombian cocaine smugglers and Southern Air Transport.



Palestinian Clashes With Israelis on the West Bank An Israeli soldier arrests a Palestinian in the West Bank town of Nablus on Tuesday. The youth allegedly threw stones at a member of the security detail guarding Defense Minister Yitzhak Rabin, who was meeting with the mayor of Nablus in the town hall at the time. Witnesses said the Israeli soldiers slapped the Palestinian around before taking him to the police station.

Bonn Links Kidnapping to Terrorist Case

By Robert J. McCartney Washington Post Service BONN — The government announced Tuesday that the kidnapping of a West German businessman in Beirut was linked to the case of a suspected Lebanese terrorist who is imprisoned in West Germany.

The West German press agency DPA and two other news organizations reported that the pro-Iranian, Shiite extremist group Hezbollah, or Party of God, was holding Rudolf Cordes, 53, a chemical company representative. Gunmen abducted him on Saturday.

The reports said that Hezbollah had demanded the release of Mohammed Ali Hamadei, 22, who has been held at an undisclosed location in West Germany since he was arrested Jan. 13 at the Frankfurt airport while carrying concealed explosive materials.

Mr. Hamadei is awaiting extradition to the United States to face charges of murder and air piracy for the hijacking in 1985 of a Trans World Airlines jet. The United States, which has pledged not to execute Mr. Hamadei if he is convicted, formally requested his extradition on Tuesday.

The government, which imposed a news blackout on the kidnapping, declined to comment on the reports by DPA, a Cologne newspaper and a Luxembourg television station. The chief government spokesman, Friedhelm Ost, said that publicity could endanger Mr. Cordes's life.

But Mr. Ost, while declining to provide further details, said that the government has received information that indicates a link between Mr. Cordes's abduction and Mr. Hamadei's arrest. Mr. Hamadei previously has been identified as the brother of a senior security official of Hezbollah.

The government of Chancellor Helmut Kohl faces national elections on Sunday. The Social Democrats, the principal opposition party, offered publicly to help the government in the case. But Social Democratic sources said privately that they opposed extraditing Mr. Hamadei to the United States.

Decision Due on Abdallah The French justice authorities will decide on Jan. 28 whether to put the suspected Lebanese guerrilla leader Georges Ibrahim Abdallah on trial for the murder in 1982 of Israeli and U.S. diplomats, court sources in Paris were quoted by Reuters as saying Tuesday.

Mr. Abdallah, believed by the police to head a terrorist group called the Lebanese Armed Revolutionary Front, is charged with complicity in the shootings in Paris of a U.S. military attaché, Lieutenant Colonel Charles A. Ray, and an Israeli diplomat, Yaacov Baranman.

He also is accused of complicity in a failed attempt on the life of the U.S. consul-general in Strasbourg, Robert Onan Homme, in 1984.

Group Threatens Italy A previously unknown group calling itself God's Partisans threatened Tuesday to initiate terrorist attacks against Italy for allegedly mistreating two jailed comrades, The Associated Press reported from Beirut.

In a typewritten statement delivered in Beirut, the group identified the two only as Saleh and Abdallah. It did not give their nationalities or the reason for their imprisonment. Sources in Beirut said the two were being held in the maximum-security Spoleto Prison in central Italy. It accused the prison warden of "mistreating our brethren" and called him "an animal."

Terry Waite, the Anglican church envoy, decided Tuesday to prolong his stay in Moslem-controlled West Beirut after face-to-face, late-night negotiations with kidnappers holding American hostages in Lebanon, sources close to him said.

Mr. Waite, the personal emissary of the archbishop of Canterbury, the Most Reverend Robert Runcie, had planned to take a midmorning flight back to London. But when he returned to his hotel from a meeting with representatives of Islamic Jihad, he canceled his departure arrangements, sources said.

"It looked like he had had a breakthrough," said a source, who asked not to be identified. The 518 deputies, elected to five-year terms by community votes, include Robert Hermon, the conservative French publisher, and Alberto Moravia, the leftist Italian writer. There also are a smattering of big-name politicians, although most of the deputies are relatively unknown.

Sir Henry, the favorite, bounced back from a bad showing in the first round. He initially fell behind Mr. Barón after about 50 center-right deputies apparently cast their secret ballots for Marco Pannella, a member of Italian Radical Party.

But Mr. Barón failed to get an absolute majority, so voting continued. Sir Henry gained in the second round and achieved an absolute majority on the third try.

Many of those voting against Sir Henry, who speaks only English, believed he was not sufficiently European for the job, sources said. The dissidents also feared he was too close to Prime Minister Margaret Thatcher.

Mr. Barón, 42, was characterized as a young, energetic leader who represented "Europeanism." He speaks several languages, is close to



Deng Xiaoping, right, playing cards with Hu Yaobang, center, in a file photo. Mr. Hu, formerly a close Deng associate, was forced to resign as Communist Party leader.

SABOTAGE IS RULED OUT IN DEATH OF MACHEL

JOHANNESBURG — A politically sensitive inquiry into the air crash that killed President Samora Machel of Mozambique began Tuesday with the counsel for the multinational investigating commission saying there was no evidence of sabotage or explosion. Investigators also discounted South African suggestions that the pilot or co-pilot of the Soviet Tupolev 134 twin-engine jet had traces of alcohol in their blood.

They said that the plane, which crashed in South Africa on Oct. 19 was the Boeing with Mozambique had tried to land at the Magato airport, about 30 miles (about 50 kilometers) away, in cloudy weather with an instrument landing system that was out of service. Thirty-four of 44 aboard died.

Renier Van Zyl, air safety director for the South African Department of Transport, said the Soviet pilot appeared to have been lost and said that he had "nowhere to go" before the impact.

The outcome of the inquiry, which is expected to take three weeks, is regarded as important because of allegations by leaders of some black African states that the aircraft was brought down by South African security forces either by missile or by electronically luring the crew off course.

Cedric E. Puckrin, counsel for the investigating board, said there was "no question of sabotage," and that evidence collected in a preliminary inquiry by experts from South Africa, Mozambique and the Soviet Union showed a "clear misunderstanding" between a traffic controller in Mozambique's capital and the aircraft radio operator.

With the instrument landing system out of functioning, Maputo cleared the plane for a visual approach and the pilot remarked that "something was wrong." Mr. Van Zyl said. The aircraft's voice recorder, he said, showed that the navigator insisted the runway was unlighted even though the tower confirmed it was lit.

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WORLD BRIEFS

Washed Morals Class
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.

Field Contrasts on
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.

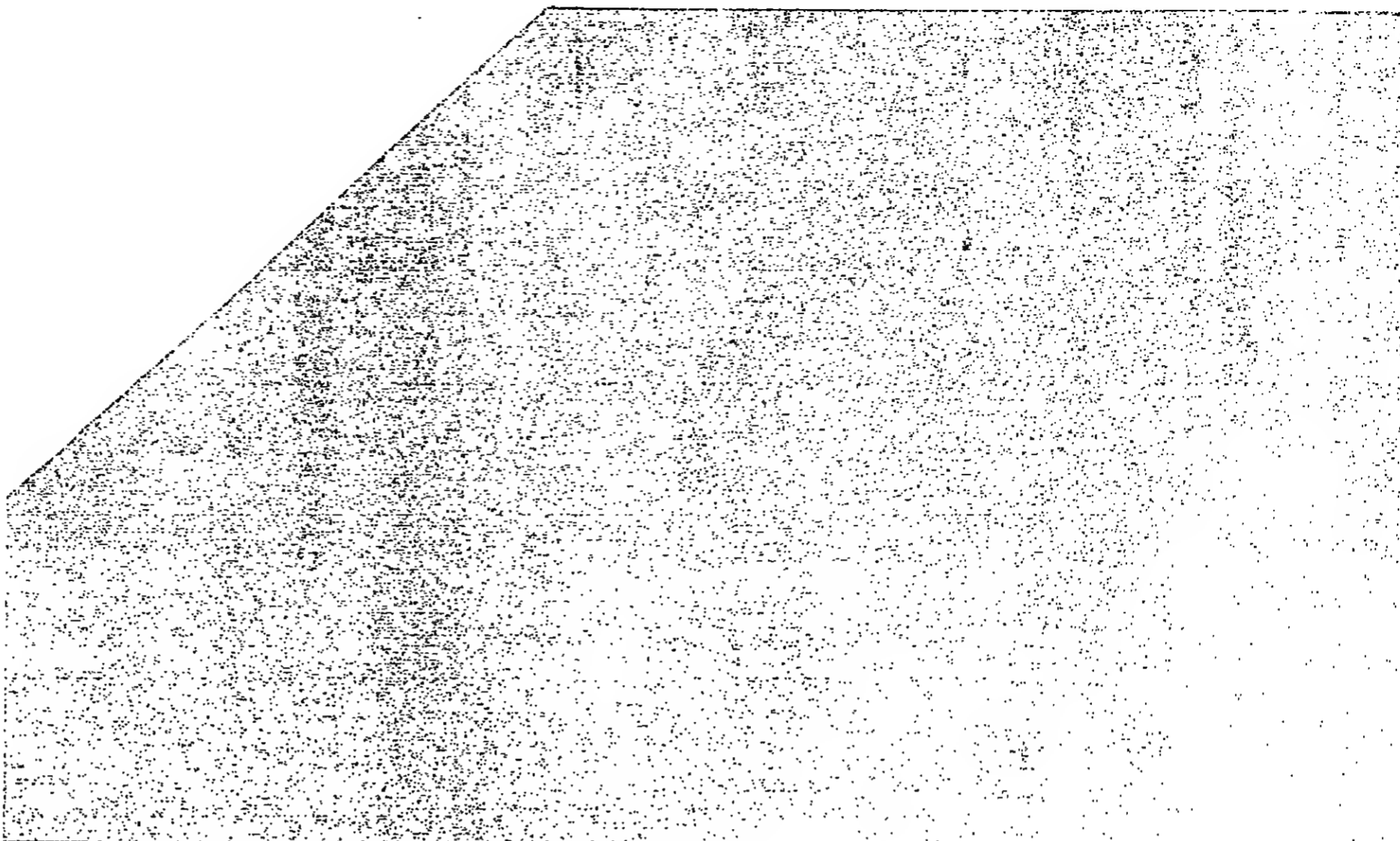
Lawsuits Against
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.

Soviet Nuclear State
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.

Oil Is Reported to
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.

Interior Minister
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.

Prime
The U.S. House of Representatives has passed a bill that would require the federal government to pay for the moral education of its employees.



On the 30th december 1986, the CGE and ITT Telecommunications, in association with the Société Générale de Belgique and Crédit Lyonnais, have decided to group all of their communications activities under the control of a common company based in the Netherlands: Alcatel. The new group thus constituted immediately presents itself as a world leader in the field of communications. Alcatel, because of its technological capabilities, its financial base and expertise, has the necessary means for developing new technologies which will enable it to play a decisive role, on the world scale, in all future areas of communications.

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CGE AND ITT TELECOMMUNICATIONS: THE WORLDWIDE CONNECTION

Signier Courrelle et associés

ARTS / LEISURE

Lully: A Triumphant Revival

By David Stevens

PARIS — In the great early-music revival of the last two decades, particularly in the realm of 17th-century opera, there has been one conspicuous absentee — Jean-Baptiste Lully, because while Lully is considered the founder of French opera and one of the giants of Baroque opera in general, his operas have been considered too remote from a contemporary aesthetic to perform. For a good two centuries they virtually never have been.

(first the music and then the words) is the classic catch phrase for the Italian approach to opera, but the French way, which lost a lot of ground in the 18th and 19th centuries and has never really recovered, is the opposite. This production of "Atys" should help restore the balance and encourage other stagings of Lully's major stage works.

Furthermore, "Atys" is startlingly modern — a story of an amorous triangle as hot-blooded as anything by Puccini, despite its classical-mythological-allegorical trappings. The goddess Cybele descends to earth on her feast day with eyes only for Atys, who loves and is loved by the nymph Sangaride, who is destined to marry the king, Celenus, of whom Atys is a friend and confidant. Clearly Atys is in a tight squeeze, with predictable results. The goddess, humanly enough, drives him mad. He kills his beloved, then himself, whereupon Cybele remorsefully transforms him into a pine tree.

All this takes place in a prologue and five acts, lasting almost four hours, with two intermissions. Things seem a bit slow by the end of Act I. But the story gathers momentum and variety, building to a concentrated dramatic climax in the final act.



"Atys" at the Paris Opéra: a hot-blooded amorous triangle.

Cheek by Jowl With Shakespeare

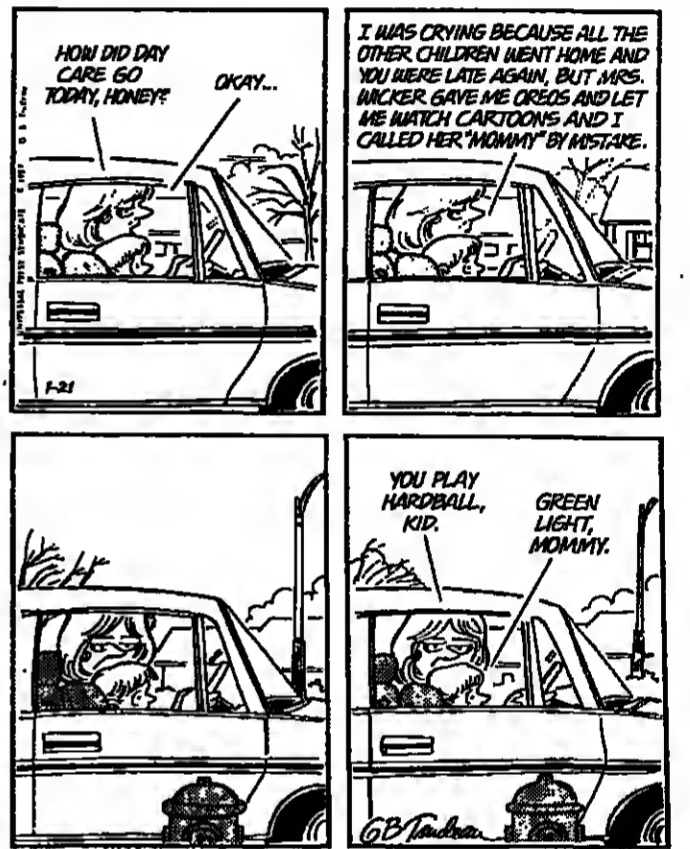
By Robert Cushman

LONDON — The history of the English theater is the history of its Shakespeare productions. At the moment the Royal Shakespeare Company, which does most of them, is heeled, turning out elaborate but superficial stagings. Meantime the way is open for alternative approaches.

There are two ways that Shakespeare might go. A meticulous, restrained puritanism with the accent on a sort of super-Royal Court style should sit well on large public stages. Or so the National Theatre's "King Lear" suggests. Complementing that is a small-scale method, explored by some fringe groups, one of whom, known as Cheek by Jowl, has opened a season at the Donmar Warehouse with "Twelfth Night."

It is through a farcical device that Shakespeare has left lying about, and that certainly fits the play's sexual ambiguity. This production may sometimes try too hard, it may be too complacent about the fact that its actors, in fringe tradition, can all play musical instruments, but it frequently hits the play right on the nose.

DOONESBURY



Robert Cushman is a London-based theater critic and broadcaster.



"Twelfth Night": An outrageous staging.

General News

Soviet Mission to South Pacific Is Likely

By Michael Richardson

SINGAPORE — The Soviet Union, seeking better relations with non-Communist countries in Southeast Asia and the South Pacific, is planning to send Foreign Minister Eduard A. Shevardnadze on a tour of the region, according to various official sources.

Such a visit would be the most significant indication yet of Moscow's eagerness to expand economic and political relations with the region. But although governments in the region are generally receptive to the idea of a visit by Mr. Shevardnadze, they agree that little progress can be expected as long as the Cambodian conflict remains unresolved.

Various official sources say that Mr. Shevardnadze is likely to visit Indonesia and Australia and possibly New Zealand, the Philippines and Vietnam.

A Foreign Ministry spokesman in Canberra said Tuesday that talks on the possibility of an early visit were being held with Moscow. The spokesman said it would be the first trip to Australia by a Soviet foreign minister.

Mochtar Kusumatmadja, the foreign minister of Indonesia, said that he had invited Mr. Shevardnadze, but that no firm arrangements for a visit had yet been made.

Soviet diplomatic sources said Monday that visits to Indonesia, Australia and perhaps other countries, including Vietnam, were being planned and might take place between March and May.

In the last few months, Soviet officials have announced a series of initiatives intended to pave the way for expanded economic ties and improved political links with Southeast Asia and the South Pacific.

Western diplomats and other analysts said these steps were part of a wider diplomatic offensive that included efforts to upgrade relations with China and Japan.

Fyodor I. Potapenko, the Soviet ambassador to Malaysia, said at a press conference in Kuala Lumpur last week that the Soviet Union wanted to join the United States, Japan, the European Community, Canada, Australia and New Zealand in high-level annual meetings with ASEAN, the Association of South East Asian Nations.

Stability Is Watchword In Indonesian Elections

Reuters

JAKARTA — President Suharto of Indonesia is orchestrating a somber buildup to national elections in April and maintaining a tight grip on unofficial campaigning to avoid unrest.

The 65-year-old retired army general, who has ruled here for 20 years, introduced earlier this month one of the toughest budgets in a decade, slashing spending and calling for austerity all around.

The budget, announced on the same day as the list of candidates for the April 23 voting, makes no electoral concessions, with spending on schools, hospitals, mosques and the military all cut sharply.

It reflects Mr. Suharto's determination to get the economy, severely hit by last year's slump in world oil prices, back on a sound footing.

It also reflects the reality that he needs no gimmicks to woo voters, according to bankers and economists.

Indonesian and foreign analysts say they believe that his ruling Golkar Party is assured of at least 70 percent of the vote.



Suharto

Suicide Is Called Cause of Death of Singapore Official

International Herald Tribune

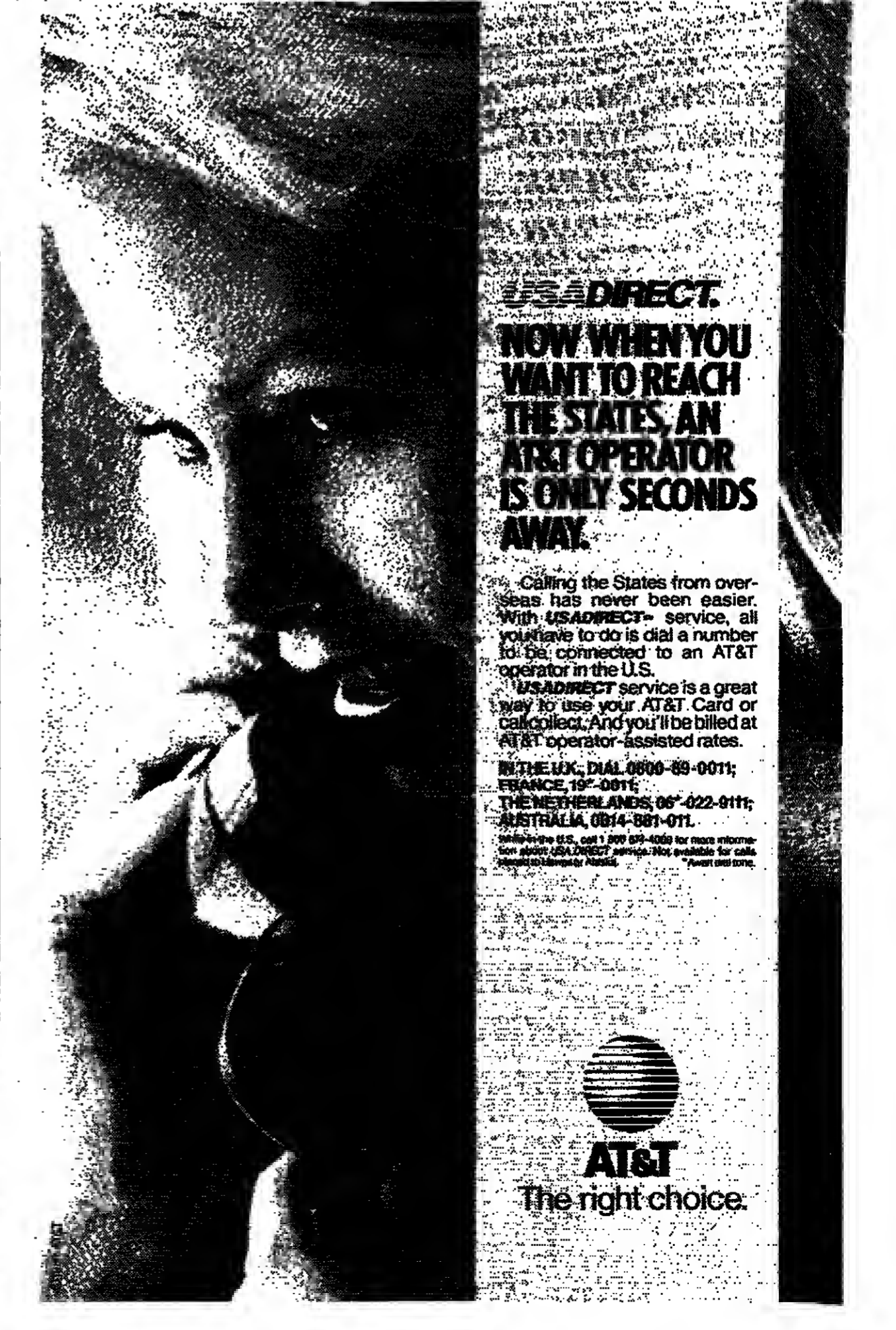
SINGAPORE — A senior government minister who died last year took an overdose of sleeping pills while under investigation for corruption, a coroner's court was told Tuesday.

A government pathologist, Chao Tzee Cheng, told the court that the minister, Teh Cheang Wan, 58, died of an overdose of barbiturates.

Mr. Teh, minister for national development since 1979, was found dead in his bed on Dec. 14.

Witnesses told the court that Mr. Teh was under investigation by the Corrupt Practices Investigation Bureau, a government agency, over allegations that he received 800,000 Singapore dollars (\$375,000) in bribes from land developers in 1981 and 1982.

In a letter written to Prime Minister Lee by Mr. Teh just before his death, he said he felt responsible for "the unfortunate incident." In the letter, read to the court, Mr. Teh added, "As an honorable Oriental gentleman, I feel it is only right that I should pay the highest penalty for my mistake."



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OPINION

INTERNATIONAL Herald Tribune

Policy Change in Bonn?

Elections often bring promises of changed economic policy, but not so in West Germany as Sunday's voting approaches...

Germany cannot be started without West German leadership. As in the family bed, nobody can turn till Father does...

Down Goes the Dollar

Concerning the dollar, the week got off to a dismaying start. The exchange rate fell sharply again Monday on the world's markets...

not work in Britain and would not work in the United States. After further runs on the pound, Britain turned to devaluation...

A Gun at Ecuador's Head

These have not been democracy's finest days in Ecuador. On Friday, air force commandos seized President León Febres Cordero at gunpoint...

perhaps, in the thinking of some officers, reserved a right to intervene yet again. In 1984, Mr. Febres Cordero, a flamboyant anti-conservative millionaire and apostle of austerity...

Other Comment

Beijing Hits the Brake

The Chinese leadership has now amplified its reasons for abruptly seeking Hu Yaobang from the top party post. According to his seating successes as party general secretary he had, quite simply, sought to push the pace of political reform too fast...

should be taken any further at all? The conflict in the Politburo has been going on for some time. It was the students who brought it to a head, and the man alleged to have goaded them on, Fang Lizhi, has been dismissed from the party...

In China, as Elsewhere, People Are Born With Rights

By Fang Lizhi

This is a second of two articles from a lecture given at Jiaotong University in November. Mr. Fang is a former vice president at the University of Science and Technology in Hefei. His expulsion from the Communist Party was announced on Monday.

SHANGHAI — It is said that reforms in China depend on the resolve of the top leadership. If the leadership has the resolve, they would push the society forward since they are in the dominant position...

Only by striving can we get what we really need. Because of the extremely long history of feudal society in China, plus the wide spread of feudal ideas as a result of the Cultural Revolution, there have emerged many erroneous ideas...

logical feelings of the taxpayers are that it is the citizens who maintain the government. The government can survive only by levying taxes. As a result, the government must serve the citizens. It is not so much whether citizens are permitted to be educated as it is the government that has the responsibility to run schools for citizens...

demonstrate that you were against, not for, the Cultural Revolution? During the 1950s, idealism prevailed among Chinese intellectuals. That was valuable. But that generation was strongly influenced by the doctrine of obedience...

For the Sake of Peace, Maputo Merits Support

By Flora Lewis

MAPUTO, Mozambique — A senior Mozambican official answered the general question about his country's direction with a wry smile. "What you in the West used to say about us was never quite right," he said...

Mr. Chissano is a trim, slight man with a jutting little beard. He looks younger than his 47 years, but he speaks with a quiet humor, a firm sense of practicality and a grasp of international as well as regional issues...



CHISSANO, MOZAMBIQUE

From Moscow, A New Slant On Apartheid

By Colin Legum

LONDON — A leading Soviet Africanist has called for a peaceful resolution of the conflict in South Africa and has said that the struggle against apartheid, in its present stage, is not irreversible...

A Risky Game of Chicken Played With the Dollar

By Hobart Rowen

WASHINGTON — The wild downhill ride of the U.S. dollar in the last month, culminating in the current free fall, signals a serious breach in the vaulted international economic coordination carefully nurtured by U.S. Treasury Secretary James Baker...

dates a not-so-subtle thrust first made by Mr. Baker last June. If the trade deficit did not come down through expansion of the West German and Japanese economies, he said then, it would bring a further decline of the dollar...

Should It Be Iran-Contra-Angola-Gate?

INVESTIGATORS into the Iran-contra affair may find an African connection. Some profits from the arms sales to Iran may have gone to the rebels of the National Union for the Total Independence of Angola...

Liberia Through Rose-Tinted Glasses

SECRETARY of State George Shultz praised the brutal regime in Liberia during a visit there this month. The government of President Samuel Doe, he said, is making "genuine progress" toward democracy...

Secretary Shultz lauded "genuine progress" toward democracy. In fact, official actions have suppressed political dissent. Opposition parties have been barred, at gunpoint, from staging public rallies...

IN OUR PAGES, 75 AND 50 YEARS AGO

1912: The Market Week NEW YORK — The unusual easiness of money was responsible for the sharp rise at the close of the market week. The bond market has been particularly good...

1937: FDR Inaugurated WASHINGTON — Franklin D. Roosevelt, in his second inaugural address, pledged himself [on Jan. 20] to the further reform of aid to the underprivileged and issued a warning that, with the new prosperity, self-interest and economic irresponsibility had reappeared...

INTERNATIONAL HERALD TRIBUNE JOHN HAY WHITNEY, Chairman 1958-1982 KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER Co-Chairmen

BUSINESS Steel No BTR Drop Citing Com... 20

OPINION

A Buchanan Presidency? Nary a Ghost of a Chance

By William Safire

WASHINGTON — Far be it from me to put the kibosh on Pat Buchanan's possible run for the presidency, but it is better that the secret come out now: Conservative True Believers should know that he is a member of the Judson Welliver Society.

This group is made up of the Establishment men and women who have written speeches for presidents during the last eight administrations. It is named after the first White House speechwriter, Judson Welliver, who was responsible for the reputation for eloquence held by Calvin Coolidge.

The ghostly shadow has conservative window dressing like the Eisenhower writer Bryce Harlow and the Nixonian Ray Price, but its roster is shot through

with such known liberals as Clark Clifford, Richard Goodwin, Harry McPherson and Arthur Schlesinger Jr. In the besmearments of a primary campaign, it would be leaked that Pat Buchanan has sipped with the likes of these people.

Why do I rat on my old Nixon colleague this way? Because President Reagan's combative (no story can be written about Pat Buchanan without the adjective "combative") director of communications is thinking about seeking the Republican nomination in 1988.

If a Buchanan candidacy were to develop, he could expect no quarter from the left, whose direct-mail fund-raisers are in desperate need of a bite noire not wearing a marine uniform — or from the far right, which insists on the most rigid standards of associational as well as ideological purity. And pure is the word for Pat, if your definition of conservatism looks to its traditionalist rather than libertarian roots.

In the Nixon years, he was the coiner of such phrases as "instant analysis" and "the new federalism" and emerged from Watergate not only unbesmirched but strengthened. Pat was also the brains behind many of the alliterative barbs of Vice President Spiro Agnew ("pusillanimous pussycotters" and "vicars of vacillation" were Pat Buchanan's; "nattering nabobs of negativism" was mine) and he survived the fall of that nolo-contending clayfoot.

In the Reagan fall from grace, he has sailed out from the White House but

ker to lash back at this administration's tormentors and to castigate its sunshine soldiers. His friends fear that Pat — as civil in private as he is savage in public — has become type-cast in this role on the ever-burning deck.

Should he run for president? The argument for taking the plunge is that he would galvanize and bring out the True Believers, ignite a national debate with a mediagenic version of "a choice, not an echo," and polarize the opposition.

The argument against is practical: It would further split "the Movement's" ranks. Former Senator Jack Kemp, who has a chance of winning a national election, now has much of the activist right's support, but some of that strength may be drained by the televangelist Pat Robertson. A Buchanan crusade would undercut Mr. Kemp, which is why Vice President George Bush and Senator Bob Dole are hoping Pat will dive in.

As he prepares to leave the White House, Pat Buchanan is asking himself if his candidacy would serve the right or split and wreck it. At 48, his lifetime spent in advocacy, he does not want to be the instrument delivering the nomination to a pallid centrist, or be the one who denies the Republican right a nominee with a fighting chance of winning the election.

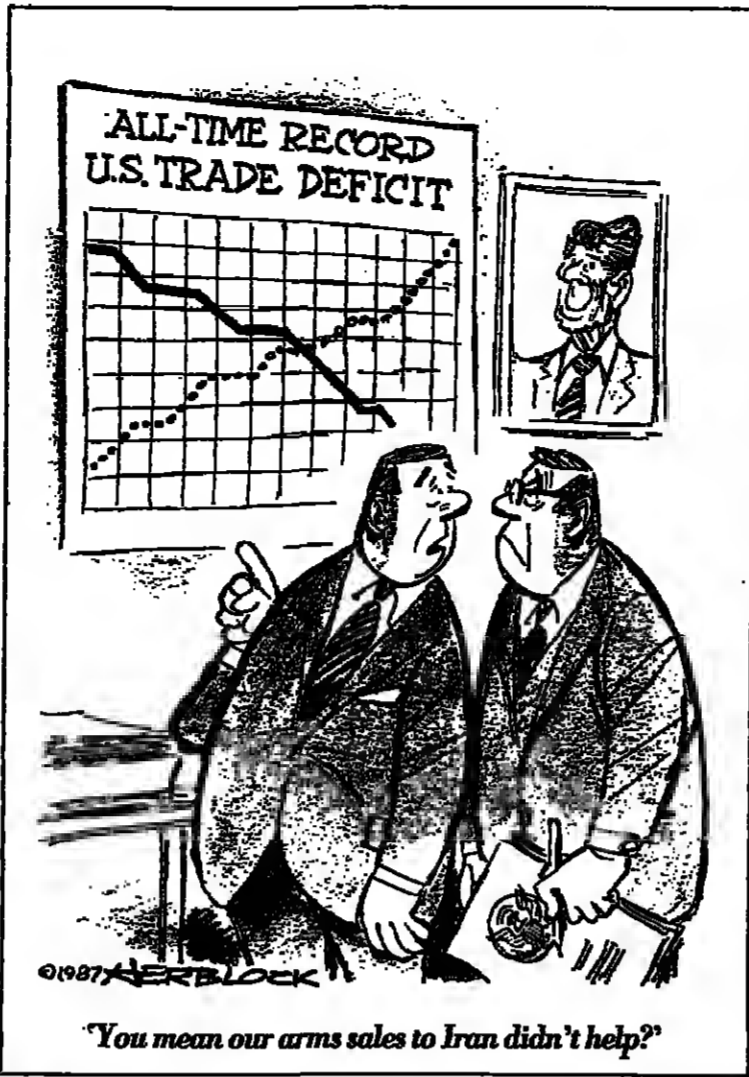
From here on the sidelines, I can say the more the merrier. At the start, let Messrs. Bush, Dole and Kemp be joined by Howard Baker, Alexander Haig, Jeanne Kirkpatrick, Pat Buchanan, Ricardo Montalban, Donald Rumsfeld and as many ministers-in-make-up as feel the call. The political spectrum is not as neatly calibrated as psephologists say; in the crucible of the primaries, leadership can be forged and a party reinvigorated. If a Buchanan platform features a genuine flat tax, an end to farm subsidies and a pullout from the United Nations, let us examine his ideas.

But most people in "the Movement" today are not on the sidelines. Between the time of Barry Goldwater and the era of Ronald Reagan, a sea change has taken place in conservative bosoms: The death wish has been replaced by the win wish. The right is not fated to sink gloriously with principles uncompromised; its activists seek a true-enough believer who tucks them on without turning everybody else off.

My hunch is that Pat will take a provocative look around and then disappear the effete corps of salivating editorialists. He may decide he can do more to advance the Movement on the air than on the hustings.

It would have been nice, though, to have a Judson Welliver Society dinner in the State Dining Room of the White House with the President ghostwriting his own speech.

The New York Times



Rich Merchant, Beware Samurai Debtor

By Naohiro Amaya

TOKYO — Japan's heavy export of capital to the United States, in loans and direct investment, reminds me of Gobei Zeniya, a wealthy 19th century merchant ruined by his debtors.

Zeniya amassed a fortune from coastal shipping and became banker to the Kaga fief, making huge loans to the clan government and samurai officials. In 1849 he was authorized to drain and reclaim marshes for commercial development, but local fishermen objected.

When fish in the marshes suddenly died, Zeniya was accused of poisoning them to forestall opposition. The merchant and his family were arrested by the Kaga authorities. Zeniya died in prison as a result of torture, one son and a chief clerk were executed, and the fief confiscated his entire fortune. All debts to the trader were canceled.

The incident remains shrouded in mystery to this day. The standard interpretation is that Zeniya and his family were set up because Kaga fief could not repay its staggering debts. It was not uncommon for indebted samurai to ruin merchants they owed money to.

Japan has a \$90 billion surplus in international trade. It loans more than \$33 billion a year to America through purchase of U.S. Treasury notes and public bonds. And it has a net overseas credit balance of about \$130 billion.

The U.S. trade deficit in 1985 reached an all-time high of \$148.5 billion. Forced to borrow extensively from Japan and other countries, Washington now owes foreign creditors more than \$100 billion. By the 1990s, U.S. external debt is expected to reach \$1 trillion.

Japan has only limited, defensive armed forces; the United States is a military superpower. Merchant Japan's

result will be greater balance-of-payments surplus and capital outflow. The more the government puts its financial house in order, the more the private sector will invest in America. The banking and investment community will shift from Japanese government bonds to U.S. Treasury notes. Which is preferable for the national economy?

With present policy, the Japanese government is like the person who cleans up his yard by throwing the trash into his neighbor's yard and then brags about being a responsible home owner.

A healthy economy requires brisk domestic demand, not cutbacks in government spending. Much needs to be done in Japan, yet public works projects go unfunded and the people's savings are invested in U.S. Treasury notes! Talk about voodoo economics. Am I crazy, or is it the people who chant "fiscal soundness" who are deluded?

I am not advocating massive pump priming to stimulate domestic demand. Favor privatization of the national railways, reduction of the subsidy paid to rice growers, and higher fees for national health insurance programs.

But the government has clamped a ceiling on all spending except defense and foreign aid. This is counterproductive. Policy makers must discard shibboleths and take a fresh look at Japan's dilemma. Zeniya surely wished he had reassessed that reclamation project.

The writer is president of the Japan Economic Foundation and a former vice minister for international affairs at the Ministry of International Trade and Industry. This article, from the Tokyo Foundation, was distributed by the Asia Foundation's Translation Service Center in San Francisco.

LETTERS TO THE EDITOR

Marxism and the Market

Some of the articles you have published on changes in Soviet society under the new leadership raise valid points, though most of them are animated by a desire for a "de-communization" of the regime. I do not myself discern any evidence whatsoever that the foundation of the Soviet state — its system of ownership — is likely to be affected.

What I do observe, as a Soviet citizen living in the West, is the initiation of long-term policies designed to democratize society so that every citizen can have a say in the running of the state. People's attitudes change slowly, but this change will occur in the U.S.S.R. Its rate will depend on how people respond to the call for greater effort and discipline, but also on material incentives coupled with a moral regeneration of life, the opportunity for public discourse, and the presence of external stability.

In my opinion, one of the most effective instruments for improving society (both national and international) is the strengthening of the rule of law. Ronald

Tiersky, in "Can the U.S.S.R. Alone Be Unchanging?" (Jan. 6), asks: "Could a rule-of-law system be built up from inside communism?" This is precisely what I believe is happening.

New laws are being enacted and published for all to read. Without wishing to idealize the situation, I expect that strict enforcement will tend to constrain bureaucratic arbitrariness, which has been a real curse. Administrative rules are likely to be increasingly derived from, and anchored in, legal dispositions.

Mr. Tiersky is concerned about the liberty under the Soviet system "to buy, sell and produce." Such a "liberty" has long existed with respect to the disposal by the individual members of collective farms of the produce of their small privately managed plots at market prices in the city "bazaars." Now the trend is for the collective farms themselves to sell their surpluses to the towns at lower market prices, economically a much more sensible arrangement, and one which seems to work.

Other outlets for private initiative have been legitimized, mainly in the ne-

glected service sector. Market-oriented arrangements, combined with decentralization and greater autonomy for enterprises, can be expected to bring efficiency to the economy, help regulate consumers' choices and provide flexibility in foreign trade operations, including joint ventures with capitalist firms.

The elevation of the market to the status of superarbiter has become an article of absolute faith among some economists and politicians in the Western world. Surely the many able and knowledgeable Western analysts of Soviet affairs must realize that this kind of market ideology and reality is alien to, and inconsistent with, the Soviet system.

EVGENY CHOSSUDOVSKY, Geneva.

citizen of the world, the New York Stock Exchange did less well than others in 1986. If you imagine a world currency, the American shares would doubtless have gone down. Calculations based on movements in currency rates would probably show that for New York to have the same performance as other stock exchanges, the Dow Jones index would have to be above 2,500. "Biggest-ever party?" Rather, for a citizen of the world, a bad year in New York.

ERIC WILEMANS, Brussels.

Pawns With Noble Motives

Mike Royko, in the opinion column "Against the Yellow Ribbon Syndrome" (Dec. 2), proposed that the United States "stop assuming responsibility for private citizens who choose to expose themselves" to danger. Peter Adams (Letters, Dec. 12) took it one step further, stating that "Americans who insist on going to trouble spots for private reasons get what they deserve."

As an American expatriate I accept

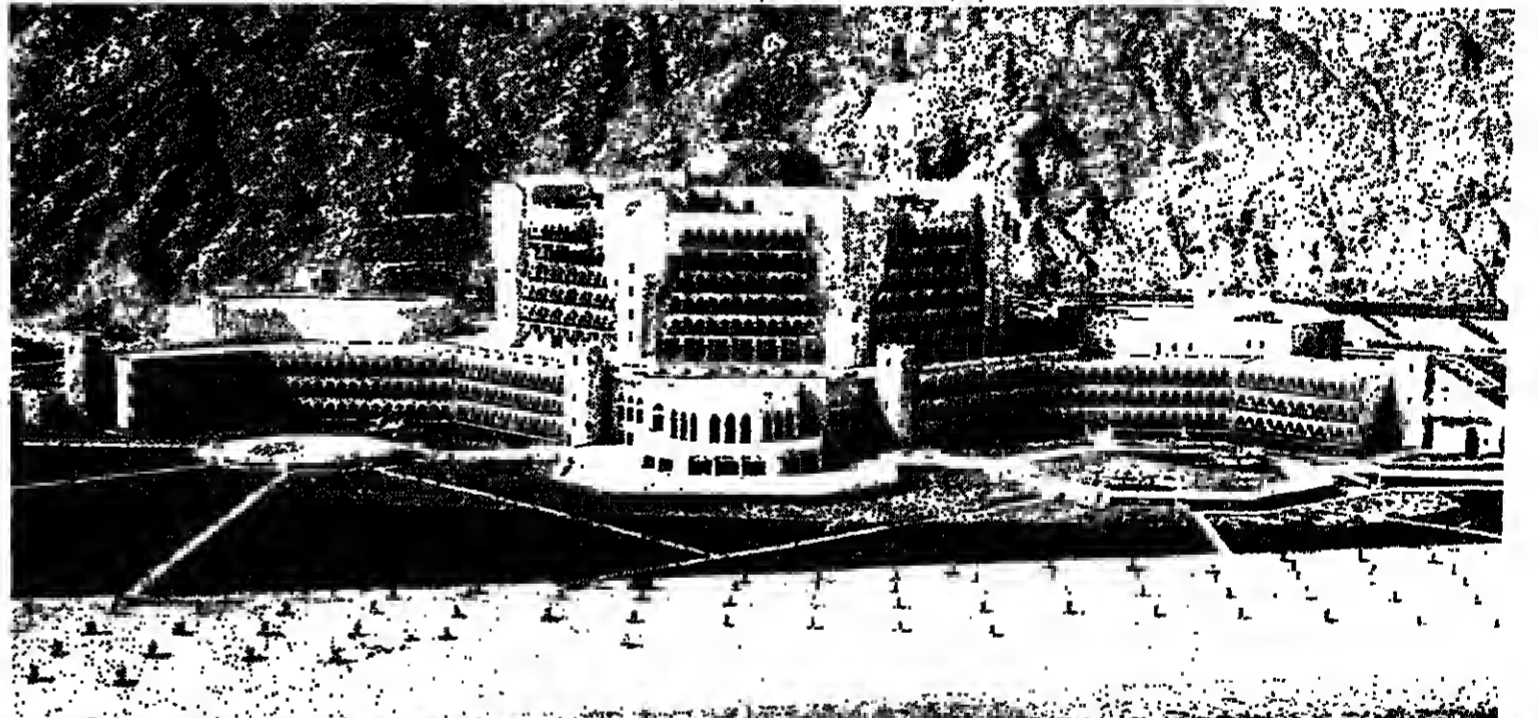
the responsibility for my own actions. However, it is disconcerting that if I were to become the victim of a terrorist kidnapping, it would likely be in retaliation for misguided U.S. policies to which I have never subscribed. The clergymen and educators who have been pawns in Lebanon were doing more to promote friendship and genuine American interests than any U.S. government official.

If Mr. Adams should find himself on a hijacked airliner in possession of the wrong passport, is this what he deserves? MARK HENDERSON, Maroua, Cameroon.

More Goodman, Less Safire

Ellen Goodman's opinion column, "After a Disaster, the Blame Goes to All but the Humans" (Meanwhile, Jan. 14), was excellent, as they almost always are. I wish you would carry her columns more often. They are certainly more interesting than those of William Safire, for example, which you carry regularly. BARRY CHILDERS, Geneva.

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NYSE Index table with columns: High, Low, Close, Chg.

Tuesdays NYSE Closing Via The Associated Press

AMEX Diary table with columns: Class, Prev.

NASDAQ Index table with columns: Class, Prev.

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Odd-Lot Trading in N.Y. table with columns: Buy, Sell, % of 1

Dow Jones Averages table with columns: Index, High, Low, Last, Chg.

Standard & Poor's Index table with columns: High, Low, Close, Chg.

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AMEX Stock Index table with columns: High, Low, Close, Chg.

Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Dow Sets Record for Daily Gains

NEW YORK — The Dow Jones industrial average scored a small gain Tuesday to record an unprecedented 13-day winning streak. Trading was the seventh-busiest ever as the market so-called throughout the day. The Dow, which finished above 2,100 for the first time Monday, closed up 1.97 to 2,104.47. Since the beginning of the year, blue chips have risen 208 points. Advances led declines marginally among the 2,011 issues traded. Volume was about 226.55 million, up from 162.83 million on Monday. Prices rose in heavy trading of American Stock Exchange issues. The Dow's rise breaks the record of 12 straight sessions set between Nov. 18 and Dec. 7, 1970. "It is difficult to produce any fundamental reason for the run," William Lefevre of Advest Inc. said. "This market is just feeding on itself and it is going up because it is going up. However, the erratic price moves today indicate that the market is becoming fatigued." The market made a major price swing during the morning, shortly after IBM reported a 48.2 percent drop in fourth quarter net earnings to \$1.39 billion and its first back-to-back yearly earnings decline in 55 years. The report caused IBM to fall 2 1/2 points to 123 1/2, and overall stock prices, up nearly 14 points in the first half-hour of trading, were trading at a 6-point deficit shortly after the announcement. "The Street was looking for about \$2.40 to

\$2.50 a share," one trader said. "So when they came out with these numbers, \$2.28 a share for the quarter, it turned the whole market around." IBM's announcement took some of the luster off the technology group as a whole, which has led the market in the rally. Salomon Inc. was the most actively traded issue, falling 3/4 to 39 1/4. The company, one of the major U.S. investment banking houses, said that it expects its fourth quarter earnings to drop significantly to about \$80 million, or 53 cents a share, compared to \$132 million, or 93 cents a share, a year earlier. Digital Equipment, a stock that had soared about 38 points until its close Monday and had picked up about 23 of those points in the four sessions since it reported that second fiscal quarter earnings rose 98 percent, fell 2 1/4 to 140 1/4. Throughout the day, as the market fluctuated up and down, "people took the intra-day dips as buying opportunities," George Pirrone of Dreyfus Corp. said. "When the market waffles like it did today, it may indicate that it is attempting to change direction, but I don't think I am willing to pull the plug on this market right yet," Frank Korth, an analyst with Shearson Lehman Brothers, said. "Our intermediate outlook is that the market is going to trend higher before getting into a serious correction, maybe 5 to 7 percent, which will occur in late February or the beginning of March at earliest," he said. (Reuters, UPI)

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WEDNESDAY, JANUARY 21, 1987

INTERNATIONAL MANAGER All Work, No Play Becoming The New Way in Europe

By SHERRY BUCHANAN International Herald Tribune LONDON — With the internationalization of financial markets in London and the introduction of new financial products in Paris, European executives are working longer hours. Increased international competition along with opportunities to make more money are starting to change European business from a nine-to-five culture to an around-the-clock one.

According to a recent survey of 112 British financial institutions by MORI, the London polling organization, 36 percent of financial managers said they worked more hours than they had in the year before. Of those surveyed, 73 percent said they worked more than 46 hours a week, 44 percent said they worked more than 50 hours, and 23 percent said they worked more than 55 hours. The London Stock Exchange now opens at 9 A.M., an hour earlier than before. Chemical Bank in London is planning to install nap rooms for late-staying bankers. City law firms maintain 24-hour clerical and secretarial staffs to help corporate lawyers working through the night.

"Power breakfasting is part of Le Look, like driving a BMW with a phone and hunting on weekends." "I get into the office at 7:30 A.M., eat one of those awful Founders at my desk and stay until about 5 P.M.," said Anthony Mullins, a salesman with Scrimgeour Wickers & Co., the London stockbrokerage. To Mr. Mullins, 12-hour days are worth it. He earns a six-figure salary, has a house in the smart Chelsea neighborhood and a cottage in the Cotswolds, and a second car.

"International clients expect you to know a lot more than what you knew about before," said Alexander Moorrees, 28, an institutional equity salesman in London, who has also worked in Brussels and New York. "It is part of the service you are giving if you want to remain competitive." "I think people are working much later hours in Paris than they are in New York, for instance," said Philippe Toussaint, 39, who has just been named deputy general director, or No. 2, at Crédit du Nord, one of France's largest banks.

Mr. Toussaint, a graduate of the prestigious Ecole Nationale d'Administration, works 12-hour days and rarely sees his children during the week. Once the right schools and the right connections were enough to ensure success, he said. But today, "you have to earn everything you get." SOMETIMES, executives say, timing can be more important than sleep. "On any real deal, speed is of the essence," said Alec D'Jaouff, a partner with Coopers & Lybrand in London, who crossed the Atlantic seven times in nine weeks recently to complete the management buyout of Parker Pen Co. from Manpower, one of the world's largest temporary work agencies. On a typical trip, Mr. D'Jaouff would fly from London to New York on a Tuesday evening, continue on to Chicago and Milwaukee, and return to London by 9 A.M. on Thursday to be ready with a proposal by that afternoon, the start of the American business day.

"The faster you move on something," he said, "the more you have a leading hand. Perhaps people in the United States expect people from London to move slower. But there are more and more people around who do move quickly." If breakfast meetings have become a necessity in many European cities, in Paris they have become downright fashionable. "Power breakfasting is part of Le Look," said Marc Lamy, with Korn Ferry International, the executive search firm. Favorite spots include the Cillon, Bristol and Plaza Athénée hotels. "Breakfast meetings are reflective of an upmarket lifestyle just like driving a BMW equipped with a car phone and hunting in Solagne on the weekend."

In London, fashionable restaurants such as Chez Gerard are now open for breakfast and High Table Ltd., a caterer for investment banks, says its clients often request that meal. Even the staid Institute of Directors in London has started a breakfast service for its members. But some very successful hard-working European managers are not about to stretch their business days to dawn past dusk. "I never have breakfast meetings in London," said Jennifer d'Abu, the energetic chairman of Ryman Group, the British retailing group. "Early morning is the only quiet time of the day when the phones don't ring and I can catch up with correspondence and reading." Mrs. d'Abu said she only sets up business breakfasts when she is traveling in the United States.

Others warn that long hours aren't the only measure or means to success. Said Mr. D'Jaouff, "It's what people produce that matters."

Top Aide Resigns at Grenfell

Guinness Case Claims 2 More

Compiled by Our Staff From Dispatches LONDON — The chief executive of Morgan Grenfell Group PLC and a director have resigned as a result of the scandal surrounding Guinness PLC, the investment bank announced Tuesday.

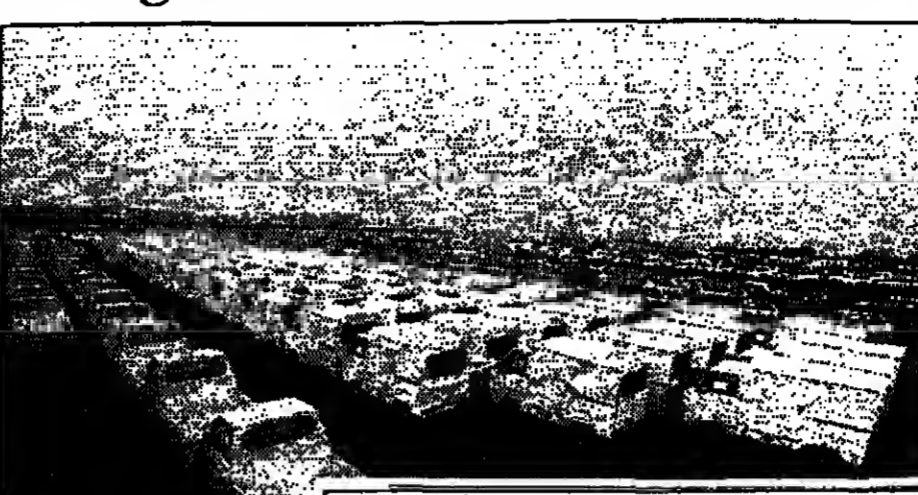
Christopher Reeves, the chief executive and deputy chairman of the board, and Graham Walsh, a board member and head of corporate finance, stepped down after an internal inquiry into the firm's role during the controversial Guinness bid for Distillers Co. last year. Morgan Grenfell acted as Guinness's financial adviser in the takeover battle. The giant brewer admitted last week that it illegally repurchased its own stock through Switzerland's Bank Len, apparently to raise its price and improve its chances of defeating a rival bidder, Argyll Group PLC, for Distillers. Guinness's bid was in stock and cash.

Morgan Grenfell said the latest resignations were "in light of breaches of established procedures and policies which were identified in the course of... the internal investigation." The resignations continued what has become London's worst financial scandal in years. It began in December when government inspectors from the Department of Trade and Industry began investigating Guinness's conduct in its £2.7 billion bid (\$4.1 billion at current exchange rates) for Distillers. A Morgan Grenfell takeover specialist, Roger Seelig, resigned Dec. 31. A member of a separate board of the bid Morgan Grenfell & Co., Mr. Seelig represented Guinness during the Distillers battle.

Other casualties included Guinness's chairman and chief executive, Ernest Saunders, who was dismissed last week. In addition, Olivier Roux, a Guinness director for finance, has resigned along with another Saunders associate, Arthur Fiere, the chairman of Bank Len. The Guinness board also asked a director, Thomas Ward, to resign. Morgan Grenfell said Tuesday it had formed an interim committee to manage the firm under the direction of Sir Peter Carey, an executive director. (AP, Reuters)

Swiss Begin Investigation The Swiss Banking Commission said it would examine whether Bank Len's purchase of nearly 5 percent of Guinness's stock last year was legal. Reuters reported from Bern on Tuesday. The commission said Bank Len would be asked to present all necessary documents and provide further information for the examination.

Strong Yen Breaks Textbook Rules



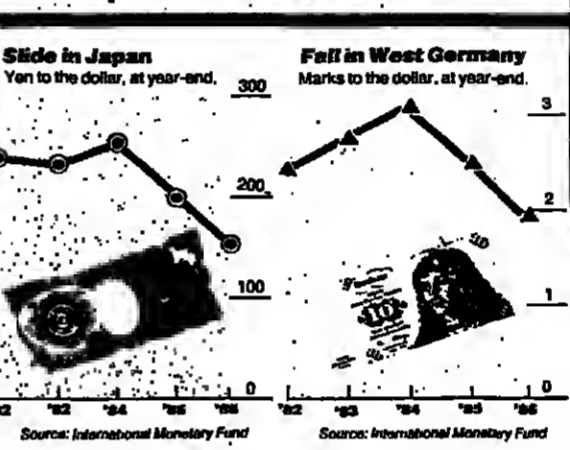
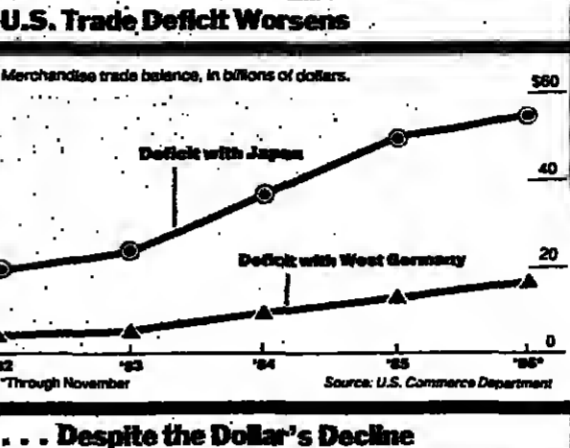
Honda vehicles destined for export fill a vast lot in Suzuka, Japan.

U.S. Learning A New Lesson About Prices By Jonathan Peterson Los Angeles Times Service LOS ANGELES — Bob Miller, a vice president of Radio Shack, recalls the jittery days at the company last year as the Japanese yen soared higher and higher on international markets while the dollar sank like a rock. "I was panicked," said the executive of the retailer, which relies on low-priced suppliers from Japan and other countries for the electronic gadgets it sells throughout the United States. "We were just devastated. We didn't know what would happen — but not very much did happen."

U.S. executives and government officials expected the higher-valued yen to make products from Japan much more expensive, thereby giving import-battered U.S. factories a boost. Consumers would find it cheaper to buy American. Companies that had benefited from inexpensive Japanese products — like Tandy Corp., which owns Radio Shack — would bear part of the burden. According to the textbooks, it had to happen. But it has not.

The experience at Radio Shack, where Japanese price increases on semi-conductors, switches, transistors and other parts have been relatively insignificant, symbolizes a painful lesson only now being absorbed by U.S. industry. International competition in the 1980s has become so ferocious that foreign producers are prepared to slash their profits — even swallow losses — to keep their customers.

They also are tightening their belts and producing products at even more competitive prices. What this means is that selling U.S.-made products at home and abroad is a tougher challenge than many envisioned. As a result, the widely held view that a weaker dollar can cure America's imbalance in trade with Japan and other nations is now being questioned, even as the dollar plunges on world markets. "It's like grabbing the horn to stop a bull," said Gilbert Benz, an economist with A. Gary Shilling & Co. in New York. A Department of Commerce trade analyst acknowledged that the Reagan administration's currency policy has yielded disappointing results so far. "To be honest, we really



haven't seen a lot of improvement yet," the analyst said. "We're finding that things don't work the way economic theory says they should." The theory is simple enough. As a nation's currency rises in value internationally, the products of that nation cost more for foreigners to buy. When a currency falls, the opposite happens. So, while it may seem that a weak dollar is a bad thing for Americans, it does not have to be. In theory, at least, it means that U.S. products can be sold more cheaply — and more easily — throughout the world. With that in mind, the United States, Japan, West Germany, Britain and France agreed in September 1985 to drive down See YEN, Page 13

IBM Says Profit Plunged 48.2% In 4th Period

Compiled by Our Staff From Dispatches ARMONK, N.Y. — International Business Machines Corp. said Tuesday that its fourth-quarter net income plunged 48.2 percent to \$1.39 billion, much more sharply than had been expected. It added that it saw "no definitive sign of demand improvement in worldwide business operations at this time."

The world's largest computer company said it expected the slump to continue through the 1987 first quarter but affirmed its optimism in the year-earlier period, when Apple earned \$56.9 million. Sales for the quarter came to \$662.3 million from \$533.9 million in the year-earlier period, when Apple earned \$56.9 million.

Apple attributed the gains to strong acceptance of its new Apple II models and to continued popularity of its Macintosh products. It said gross margin as a percentage of sales for the quarter was 51.8 percent compared with 50.7 percent in the first quarter of fiscal 1986. CUPERTINO, California — Apple Computer Inc. said Tuesday that its profit edged up 3 percent in the first fiscal quarter ended Dec. 31, to \$58.5 million, on a 24 percent surge in sales.

IBM said it earned \$4.79 billion, or \$7.81 a share, last year, off 27 percent from 1985 earnings of \$6.56 billion, or \$10.67 a share. Revenue for the quarter fell about 1.2 percent to \$16.95 billion from \$17.16 billion a year earlier. Analysts' predictions of IBM's fourth-quarter earnings had fallen steadily in recent weeks to an average \$2.61 a share. But the actual figure was worse than almost anyone had expected. In fact IBM's stock jumped \$5.25 a share Monday on speculation that forecasts had been too pessimistic. The bad news set back the entire Dow Jones industrial average for a short time Tuesday. IBM slid \$2.25 to \$123 in active trading on the New York Stock Exchange.

Analysts said that in addition to weak capital spending among IBM's biggest customers, the company has been pummeled by other personal computer makers and by competition in the midrange from Digital Equipment Corp. As IBM has floundered, DEC's fortunes have soared. Just last week, it announced a 98 percent jump in net income for its second fiscal quarter to \$270 million. "1986 was a difficult year for IBM," John F. Akers, the chairman, conceded, and he blamed the problems on "sluggish capital spending in North America, moderating economic performance in some non-U.S. countries, and unsatisfactory levels of demand for parts of our product line." IBM said 1986 sales rose 2.4 percent, to \$51.25 billion, from \$50.06 billion the year before. But it said, the falling value of the dollar added \$4.36 billion to the 1986 figure. Julian Meneer of Pershing & Co. in Chicago said the currency-exchange gains probably accounted for about \$1 a share in full-year earnings. Net foreign earnings edged up 4 percent for the year to \$3.19 billion, while foreign sales rose 20 percent to \$25.89 billion. IBM took a number of steps last year to improve profitability, including cutting 5,000 American jobs through early retirement and reducing inventories and expenses. Profit was hurt by a one-time charge of \$250 million to cover early-retirement incentives. IBM did not disclose other one-time costs associated with relocating employees and closing a plant. Glenn Powers, senior analyst with Northern Business Information Inc. in New York, said IBM faces tough choices if it wishes to preserve its longstanding policy against layoffs. "That policy is pressuring them in terms of profitability," he said. "They're going to need 10,000 to 20,000 fewer employees to get their profits back up." (AP, UPI)

Currency Rates

Table with columns for Cross Rates and Other Dollar Values, listing various currencies and their rates against the dollar.

Interest Rates

Table with columns for Eurocurrency Deposits and Key Money Rates, listing interest rates for various terms and currencies.

Asian Dollar Deposits

Table with columns for U.S. Money Market Funds and Gold, listing rates and prices for various financial instruments.

Citicorp Reports Record Net Income in 4th Quarter

NEW YORK — Citicorp, the largest U.S. bank group, reported Tuesday a record net income in the fourth quarter of 1986 and became the first U.S. commercial bank group to top \$1 billion for a single year net income. Meanwhile, Chase Manhattan Corp. said fourth-quarter net income rose 4.7 percent and net income for the year rose 3.6 percent, while Manufacturers Hanover Corp. said net income fell 30 percent in the quarter and 7.4 percent for the year.

Citicorp said its fourth quarter net income rose 26 percent to \$306 million, or \$2.03 a share, from \$243 million, or \$1.69 a share, in the fourth quarter of 1985. For the whole of 1986, net income increased 6 percent to \$1.06 billion, or \$7.14 a share, from \$998 million, or \$7.12 a share in 1985. The individual banking sector showed a 49 percent jump in net income to \$130 million in the fourth quarter from \$87 million a year earlier, reflecting increasing market share gains in the credit card business and the New York branch system. Domestic mortgage operations also improved, as did private banking and most overseas activities. Institutional and investment banking operations also contributed to the overall increase, although some of this was related to one-time tax-related gains in the leverage leasing area, which produced a \$38 million net addition to fourth-quarter earnings. In investment banking, higher gains in venture capital, foreign-exchange trading, securities investments and fees and commissions

were offset by lower securities trading revenues and higher expenses. Citicorp's net loss of \$8 million on information business in 1985 widened to \$34 million in 1986, primarily because of costs related to the acquisition of Quotron Systems Inc. Citicorp's aggregate loan-loss provisions grew 29 percent to \$508 million in the fourth quarter from \$394 million a year earlier. Chase Manhattan, the third largest U.S. bank group, said that net income in the fourth quarter rose 4.7 percent to \$157.8 million, or \$1.79 a share, from \$150.7 million, or \$1.74 a share, a year earlier. It said that net income for the whole of 1986 rose 3.6 percent to \$585.4 million, or \$6.63 a share, from \$564.82 million, or \$6.39 a share, in 1985.

Elsewhere, Texas Commerce Bancshares Inc. posted a loss of \$21 million in the fourth quarter, compared with a \$29 million loss a year earlier. For the year, net income fell to \$20 million, or \$1.62 a share, from \$53 million, or \$4.21 a share, in 1985. In other fourth quarter results, Security Pacific's net income rose 21 percent to \$104.6 million, or \$1.31 a share, from \$86.1 million, or \$1.13 a share, a year earlier; Bankers Trust rose 1.2 percent to \$97.5 million, or \$1.39 a share, from \$96.3 million, or \$1.37 a share; Wells Fargo rose 6 percent to \$78.4 million, from \$74 million; Bank of Boston rose 48 percent to \$64.8 million from \$43.8 million.

Fed Doubts Bradley Latin-Debt Plan

By James L. Rowe Jr. Washington Post Service WASHINGTON — Granting major Latin American debtor nations relief on their principal and interest payments for the next three years, as proposed by Senator Bill Bradley, would hurt U.S. bank profits without helping debtor nations much, according to an analysis prepared by the Federal Reserve Board. Paul A. Volcker, the Federal Reserve chairman, said in a letter to the New Jersey Democrat that, "for the foreseeable future, the forgiveness of principal is largely irrelevant" because most debtor nations are not being required to pay back principal in the near term. Most debtor nations are paying only interest.

But a debt-relief plan would cause "significant reductions in reported earnings at banks" because the banks would record the debt relief as a loss, Mr. Volcker said. The Federal Reserve did an analysis of the effect on the U.S. banking system of various forms of debt relief at the request of Senator Charles E. Schumer, Democrat of New York. The forms ranged from minimal

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BUSINESS ROUNDUP

Steel No Longer No. 1 at Klöckner

By Ferdinand Proczman
International Herald Tribune
FRANKFURT — Klöckner-Werke AG said Tuesday that group sales slipped 1.6 percent in fiscal 1986...

ny newsletter that Klöckner had successfully pursued its strategy of becoming independent from steel. The expanding machinery and plastics processing divisions now provided about one-third of sales...

BTR Drops Pilkington Bid, Citing 'Commercial Reasons'

The Associated Press
LONDON — BTR PLC, the industrial conglomerate, said Tuesday that it was dropping its offer to buy Pilkington...

Under Mr. Gienow's guidance, the company launched an extensive restructuring program in 1980, designed to shift Klöckner's focus toward high-technology processing and engineering.

Honda Says Net Declined 49.4% In 3d Quarter

Compiled by Our Staff From Dispatches
TOKYO — Honda Motor Co. reported Tuesday a 49.4 percent decline in net income in the third quarter of its business year ended in November...

BTR closed at 294 pence, up 5 pence from 289 Monday. BTR cited "commercial reasons" for its decision to allow the bid for Pilkington...

COMPANY NOTES

Emess Lighting PLC, a British manufacturer of lighting equipment, will make a recommended bid for Tenby Industries PLC that will be accepted by BSR International PLC...

Packer Sells Media Interests To Bond Corp.

Compiled by Our Staff From Dispatches
SYDNEY — Kerry Packer has sold his Australian television and radio networks and his interest in the British television company TV-AM to Alan Bond...

DEC Unveils Big Computers Competing With IBM Models

Compiled by Our Staff From Dispatches
NEW YORK — Digital Equipment Corp. unveiled on Tuesday two mainframe computers that it said were the most powerful systems it has offered...

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Lagerfeld and Revillon Sign Accord On Worldwide Marketing, Licensing

PARIS — The designer Karl Lagerfeld and Revillon SA, the French fur, accessories and perfume concern, announced Tuesday a worldwide licensing and marketing partnership for all Lagerfeld activities apart from perfumes.

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Tuesday's AMEX Closing

Tables include the following prices up to the closing on Wall Street and do not reflect late trades elsewhere.

Table with columns: 12 Month High/Low, Stock, Chg., Yld., PE, Div. Yield, High/Low, Open, Close, Chg.

Table with columns: 12 Month High/Low, Stock, Chg., Yld., PE, Div. Yield, High/Low, Open, Close, Chg.

Table with columns: 12 Month High/Low, Stock, Chg., Yld., PE, Div. Yield, High/Low, Open, Close, Chg.

Table with columns: 12 Month High/Low, Stock, Chg., Yld., PE, Div. Yield, High/Low, Open, Close, Chg.

Table with columns: 12 Month High/Low, Stock, Chg., Yld., PE, Div. Yield, High/Low, Open, Close, Chg.

Table with columns: 12 Month High/Low, Stock, Chg., Yld., PE, Div. Yield, High/Low, Open, Close, Chg.

INTERNATIONAL FUNDS (Quotations Supplied by Funds Listed) 20 Jan. 1987. Table listing various international funds with columns for fund name, price, and change.

Other Funds. Table listing various other funds with columns for fund name, price, and change.

Japan Reports 30% Fall In Foreign Ship Orders. TOKYO — Foreign shipbuilding orders set a post-war record low in volume last year, the Japan Ship Exporters' Association said Tuesday.

Floating-Rate Notes. Table listing floating rate notes with columns for currency, rate, and other details.

Table listing various international funds with columns for fund name, price, and change.

AMEX High-Lows. Table listing AMEX high and low prices for various stocks.

Table listing various international funds with columns for fund name, price, and change.

Vertical advertisements on the right margin, including 'FREQUENCY M...', 'EUROMARK', and 'OTC'.

CURRENCY MARKETS

DOLLAR: Baker, Japanese Finance Minister to Meet

(Continued from Page 1) ... Mr. Miyazawa said Monday that U.S. Treasury officials have confirmed that U.S. policy is not to put the dollar down.

London Dollar Rates

Table with columns: Currency, Bid, Ask, and Source: Reuters

The dollar was higher against other major currencies in New York and Europe. In New York it rose to 6.1355 French francs from 6.0775 Monday.

France Reports Small Surplus in Foreign Trade

PARIS—France ended 1986 with a small surplus in the merchandise trade of 484 million francs (\$79.87 million), in line with government forecasts.

BUSINESS PEOPLE

Hewlett-Packard Founder to Retire

By Arthur Higbee International Herald Tribune William R. Hewlett, who founded Hewlett-Packard Co. with David Packard in 1939, will retire as vice chairman effective Feb. 24.

Cockerill to Get Gandois Back

BRUSSELS—Jean Gandois, the Frenchman who in 1983-85 reorganized the ailing government-controlled Belgian steel company, Cockerill Sambre SA, will return there as part of an agreement between Belgium and France.

THE EUROMARKETS

Secondary Market Firmer on Dollar Talks

LONDON—Prices in the secondary market closed slightly firmer Tuesday as investors expressed confidence that coming U.S.-Japanese currency talks would lead to an agreement to stabilize the dollar.

YEN: U.S. Customers Find Rise in Japanese Currency Breaks Textbook Rules About Prices

Keller, chief economist with Manufacturers Hanover in New York. In 1985, for example, the United States bought about \$72.4 billion worth of products from Japan.

Geert Jensen, whose Alget Co. in Los Angeles ships goods internationally, said that he is now moving U.S.-made kitchen cabinets to Japan for the first time in a decade.

Tuesday's OTC Prices NASDAQ Price of Issue Via The Associated Press

Table of OTC prices for various stocks, including ABC, ADE, and others.

Table of stock prices for companies like American Airlines, American Express, and others.

Table of stock prices for companies like American International, American Overseas, and others.

Table of stock prices for companies like American Pacific, American Republic, and others.

Table of stock prices for companies like American South, American States, and others.

Table of stock prices for companies like American Union, American West, and others.

Table of stock prices for companies like American East, American North, and others.

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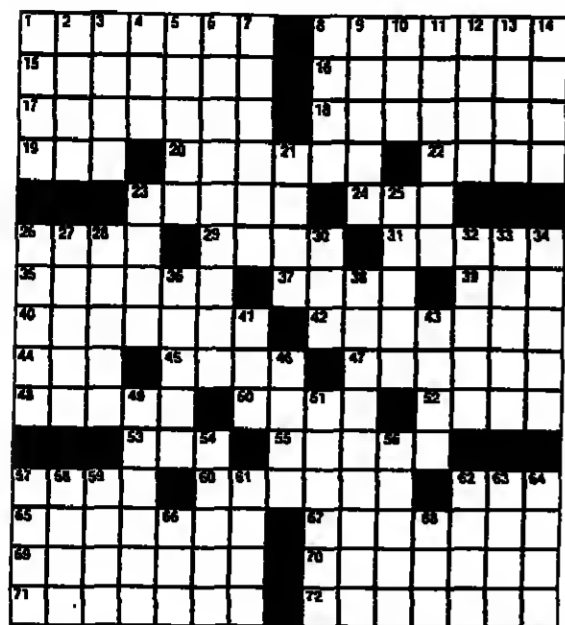
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ACROSS

1 Sparkled
8 "The Always Rings Twice"; Cain
15 Federal Bank
16 So-so
17 Part of a monogram
18 Withdraws
19 A.M.A. members
20 Letter ending "22"—we forget!
23 Top-drawer
24 Arabic word for hill
26 Part of a Hope-Crosby film title
29 Sell
31 Fireplace residue
35 State (New York)
37 Exciting flavor
39 islet
40 Fruitful
42 Medley
44 Concert
45 Org.
47 Sex
48 Gamut
50 Show's companion

DOWN

1 Forbidding
2 Give temporarily
3 Ostrich's sister
4 Bottom line
5 Test
6 With equivocation
7 Erase
8 Peel
9 Open
10 Defeat a bridge contract
11 Bird songs
12 Stable mate
13 Eons
14 Aerie, e.g.
21 Air hole

52 Phoenician seaport
53 "Born in the 55 Forays
57 Laugh-getters
60 Surrey topping
62 D-H connection
65 Stir
67 Basic
69 Alkin
70 Trap
71 Silk hats
72 Texas' a hat

23 Prepare for publication
25 Golf thrill
26 Alpha (to)
27 Alpha's
28 Bib's cousin
29 Weir
32 Close by
33 "The Sanction"; Trevanian
34 Cubic meter
36 Stands up
38 Careless
41 Superlative ending
43 Leaf cutters
44 Actress Garr
46 Composer
48 Mabler
51 Jousting's weapons
54 Later
56 Thick
57 Axial
58 Author James
59 River or mooster
61 Beauty film
62 Times
63 Gambling game
64 Valley
66 Dined
68 Explosive

PEANUTS



BLONDIE



BETLE BAILEY



ANDY CAPP



WIZARD OF ID



DENNIS THE MENACE



REX MORGAN



GARFIELD



JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

He left nothing but debts

WHAT THE SPEND-THRIFT ENDED UP MAKING.

Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

ANSWER: HIS "TURN"

(Answers tomorrow)

Yesterday's Jumble: MOUNT QUOTA ALBURN CAUGHT
Answer: That offensive taller had a tongue so sharp the almost did this — CUT HIS OWN THROAT

WEATHER

EUROPE	HIGH	LOW	ASIA	HIGH	LOW
Algeria	14	8	Beijing	10	4
Austria	10	4	Bombay	28	22
Belgium	10	4	Buenos Aires	18	12
Canada	10	4	Calcutta	28	22
France	10	4	Chongqing	10	4
Germany	10	4	Delhi	28	22
Greece	10	4	Hankow	10	4
Italy	10	4	Harbin	10	4
Japan	10	4	Hong Kong	18	12
Spain	10	4	Kobe	10	4
U.S.A.	10	4	Manila	28	22
U.S.S.R.	10	4	Shanghai	10	4
U.K.	10	4	Taipei	28	22
W. Germany	10	4	Tokyo	10	4
Yugoslavia	10	4			

World Stock Markets

Via Agence France-Presse Jan. 20
Closing prices in local currencies unless otherwise indicated.

Market	Index	Change
Amsterdam	3500	+10
Brussels	2100	+5
Frankfurt	1800	+15
London	2200	+20
Paris	1500	+10
Stockholm	1200	+5
Zurich	900	+3

Market	Index	Change
Amsterdam	3500	+10
Brussels	2100	+5
Frankfurt	1800	+15
London	2200	+20
Paris	1500	+10
Stockholm	1200	+5
Zurich	900	+3

BOOKS

THE PANIC OF '89
By Paul Erdman. 304 pages. \$17.95.
Doubleday, 245 Park Avenue, New York, N. Y. 10167.

THE ROPESPINNER CONSPIRACY
By Michael M. Thomas. 433 pages. \$18.95.
Warner Books, 666 Fifth Avenue, New York, 10103.

Reviewed by John Gross

THE banking system comes under savage assault from two different directions this month — in Paul Erdman's "Panic of '89" and Michael M. Thomas's "Ropespinner Conspiracy." In each case it survives, but only just.

As the author of such novels as "The Crash of '79" and "The Billion Dollar Sure Thing," Erdman is a leading exponent of the block-busting financial melodrama. This time he has set his story some two years from now. The current administration is on its way out, and a newly elected Democratic president is waiting in the wings; meanwhile, the price of oil is plunging and several major Third World governments are threatening to default on their debts.

It is against this troubled background that a group of conspirators converges in an attempt to engineer a devastating run on the banks. Does it matter that the characters in "The Panic of '89" are pure plastic? Not necessarily; the plot — the first consideration in this kind of story — is potentially an exciting one, and it draws on readily aroused fears that it wouldn't take much for the world economy to lurch out of control.

No, the real trouble is Erdman's inability to put his political and economic points across in a plausible fictional manner. Instead, he has his money men constantly lecture one another about the ABCs of their trade. The effect is to make everyone in the book talk as though everyone else were slightly slow-witted.

"The Ropespinner Conspiracy" is a far more sophisticated piece of work. The story opens in the 1930s, with Soviet intelligence setting out to plant an agent at the very heart of capitalism in order to hasten its destruction from within. Far-fetched? Perhaps; but Michael M. Thomas can cite at least a partial precedent

from real life, Anthony Blunt's attempt, which he was at Cambridge, to recruit Michael Straight to serve as a future Wall Street mole. (Straight's father had been a partner in J.P. Morgan.) And in any case, Thomas's chief concern in the story is to demonstrate not so much Soviet skulduggery as capitalism's greedy acquiescence in its own doom.

There is a sense of genuine anger swirling around in "The Ropespinner Conspiracy," an anger directed against the contemporary paper economy, the speculators who profit from it and the bankers who (in Thomas's view) have made it possible by abandoning traditional safeguards. The story generates plenty of tension, and it is anchored in a series of well-documented and well-observed settings.

John Gross is on the staff of The New York Times.

BEST SELLERS

The New York Times

This list is based on reports from more than 2,000 bookstores throughout the United States. Weeks in list are not necessarily consecutive.

Rank	Title	Author	Weeks in List
1	RED STORM RISING	Tom Clancy	2
2	IT	Stephen King	1
3	WHILE MY BOY SLEEPS	James Clavell	1
4	A TASTE FOR DEATH	P.D. James	5
5	THE PRINCE OF TIDES	by the Country Club	4
6	HOLLYWOOD HUSBANDS	by Jackie	4
7	FLIGHT OF THE INTRUDER	by Stephen Coonts	7
8	WANDERLUST	by Danielle Steel	9
9	FOUNDATION AND EARTH	by Isaac Asimov	9
10	NIGHT OF THE FOX	by Jack Higgins	8
11	THE GOLDEN CUP	by Boileau-Noyelle	11
12	THE BEST OF MEN	by Louis L'Amour	11
13	A PERFECT SCRY	by John J. Conroy	11
14	THROUGH A GLASS, DARKLY	by Karen Koen	12
15	FATHERHOOD	by Bill Cooby	12
16	WORLD FOR WORD	by Andrew A. Kosove	12
17	JAMES HERRIOT'S DOG STORIES	by James Herriot	6
18	YOU'RE ONLY OLD ONCE	by Deanne	6
19	MEMOIRS	by Jim McInnis with Bob McInnis	4
20	THE CHRISTMAS DAY KITE	by James Herriot	7
21	ONE KNIGHT EQUALS TWO FEET	by John Madden with Dave Anderson	7
22	THE SEARCH FOR SIGNS OF INTELLIGENT LIFE IN THE UNIVERSE	by Jane Wagoner	1
23	THE RECKONING	by David Halberstam	15
24	PAT NIXON: THE UNTOLD STORY	by Tavis Nixon	12
25	A SEASON ON THE BRINK	by John Feinstein	11
26	DANCING ON MY GRAVE	by Gelsey Kirkland	9
27	ACROSS CHINA	by Peter Jenkins	13
28	MARILYN	by Orlan Steingass	13
29	ADVANCE, HOW-TO AND MISCELLANEOUS		
30	THE FRUGAL GOURMET COOKS WITH WINE	by Jeff Smith	1
31	KITCHEN DIET	by Martin Kahan	1
32	THE FRUGAL GOURMET	by Jeff Smith	1
33	MEN WHO HATE WOMEN & THE WOMEN WHO LOVE THEM	by Susan Forward and Joan Torres	1
34	WEDNESDAY'S NIGHT COLLEGIATE DICTIONARY	(Merriam-Webster)	1

Solution to Previous Puzzle

SHIPS	COCO	MELO
LEGIT	AROW	ILOT
ARENA	BELL	LIRA
WATERMILL	ALTER	
TAM	LYS	TATA
BRIDE	ROMAN	CEDE
ANNA	EBERS	DOVE
RANCHERO	ASPIC	
KILO	LOX	ELK
SLOWEST	ILIA	
COLAS	HANDS	BACK
ADIT	BEND	EATEN
REVE	ARTE	ECOLE
YSER	ASSN	DANTE

BRIDGE

By Alan Truscott

THE current representative of New York City's American Contract Bridge League, elected recently to a second term is Ira Zippert, who demonstrated on the diagrammed deal, a Chicago game, that he can be a skillful card player when his administrative duties permit.

When his one-spade opening bid was raised Zippert as South brushed aside East's takeout double with an aggressive jump to four spades. This was apparently hopeless, but it had two advantages: it prevented East-West from reaching a four-heart contract that would no doubt have succeeded; and the "hopeless" four spade game was made.

West led the heart jack and East took the ace. A low diamond was returned and South ducked. West won and needed to make a key play. He should have placed East with the club ace, partly because East needed that card to justify his takeout double, and partly because if South held that card, there was no hope for the defense.

When West failed to lead the club king, by no means an obvious move, Zippert was in control although he did not know it. He won the diamond return with the ace, drew trumps, cashed the heart king for a diamond discard and ruffed a heart.

This completed the strip play. There were no more red cards in the North-South hand, and Zippert led a club announcing "It makes if there is a singleton club honor."

And there was. West had to win and give a ruff and stuff, as the club loser from the closed hand disappeared. West was left to discover in the post-mortem that he would have done better, in practice by bidding five hearts. That contract would have failed by just one trick barring an unlikely diamond lead to establish a ruff in that suit.

Market	Index	Change
Amsterdam	3500	+10
Brussels	2100	+5
Frankfurt	1800	+15
London	2200	+20
Paris	1500	+10
Stockholm	1200	+5
Zurich	900	+3

SPORTS

Kookaburra III Eliminates Australia IV After Bond's Boat Bungles Start of Race

By Sid Moody

FREMANTLE, Australia — Kookaburra III won the America's Cup defender role Tuesday, eliminating Australia IV and ending syndicate chief Alan Bond's hopes of sailing for the trophy he won from the United States in 1983.

Kookaburra III beat Bond's yacht for the fifth straight time after a bungled start by Australia IV's skipper, Colin Beashel. Peter Gilmore, who handles the stars on Kookaburra III for helmsman Iain Murray, forced Beashel to circle to avoid hitting the committee boat just before the start. Beashel never recovered from the 36-second deficit and lost the race by 56 seconds. Kookaburra III had no trouble with Australia IV in the light, 12-14 knot winds.

So there will be no replay of the dramatic 4-3 match that brought the cup Down Under from Newport, Rhode Island, when Bond's Australia II beat America's Liberty and helmsman Dennis Conner.

Conner, then skipper for the New York Yacht Club, which had held the cup for 132 years in sport's longest unbeaten streak, made the final Monday by eliminating New Zealand, 4-1. Conner now sails Stars & Stripes for the San Diego Yacht Club.

Kookaburra III still has to survive a selection process against Kookaburra II, both owned by Bond's fellow Perth millionaire, Kevin Parry.

Kookaburra II had been eliminated in the defender series semifinals, but a Bond-Parry deal with the Royal Perth Yacht Club, which actually holds the cup, stipulated that it be tested against the winner of the best-of-nine defender final.

How the two Kookaburras will be evaluated has not been decided. Australia IV's defeat by a quicker Kookaburra III may be the end of Bond's America's Cup campaigns, which began in 1974. He has said he would not be a candidate in 1990, when the next challenge can be made, but a defiant declaration made later seemed to contradict the earlier statements.

As he was being honored after the race by the Royal Perth Club, Bond congratulated Parry and said, "We won it, Kevin. Don't you lose it."

Then, at the club annex in the harbor, he told a large crowd of dockside well-wishers: "If Kevin doesn't defend the cup, we'll get it back for you."

At a joint news conference later, Parry retorted that "I don't think the boxing kangaroo," Bond's symbol, "belongs to you or the Kookaburras to us. The fact is that you

weren't good enough. It's just a fact of life.

"I don't think it's necessary to stand up at the Royal Perth Yacht Club and say, 'We won it. If you lose it, we'll have to get it back.' I think that's childish, unnecessary and not worthy of your previous effort."

Warren Jones, Bond's spokesman, who upset Parry 10 days ago by calling the Kookaburra camp "dingoes" because of its frequent race protests, said, "It takes a tough syndicate to roll us over and the task force." The Kookaburras "rolled us over fair and square and we'll take it right on the chin."

As for the upcoming race, Beashel said he "wouldn't want to say which is the better boat" between Kookaburra III and Stars & Stripes. "Both are very competitive."

"Hopefully," said Murray, "Conner still has his Achilles' heel: sailing in light air."

He added that "I've never met big bad Dennis, but I certainly admire his sailing skill."

"I hope his street dragger won't be able to burn our Ferrari off," Murray said, alluding to Stars & Stripes' extraordinary straight-line speed.

Meanwhile, Prime Minister Bob Hawke wired Parry to say he hoped the Kookaburras, named for a bird known for its laughing call, would "have the last laugh."

Kookaburra III made a more se-

date landing than Stars & Stripes had 24 hours earlier after eliminating New Zealand.

The Australia crews shook each others' hands as the yachts tied up alongside each other, and Bond's men gave a hip-hip-hooray for their conquerors.

While horns and whistles shrilled, champagne was brought out. But the Aussies toasted with it instead of pouring it over each other as the Americans had done.

Whichever Kookaburra is selected, the best-of-seven final against Stars & Stripes is due to start Jan. 31.

Inset Becker Also Loses in Tennis Open

MELBOURNE — Unseeded Australian Wally Masur scored a stunning upset Tuesday of Boris Becker to advance to the men's quarterfinals of the Australian tennis championships, as the 19-time Wimbledon champion not only the match but his set and temper.

Masur, 23, who is ranked 71st in the world, defeated the 19-year-old German's booming serve for 6-7 (7-3), 6-4, 6-7 (9-11), 6-2 set in a 3-hour, 40-minute contest.

Pat Cash of Australia, the 11th seed, advanced with a 6-4, 6-1, 6-7 (7-9), 6-2 triumph over Paul Vascones of the United States and will play third-seeded Yannick Noah. The Frenchman rallied down No. 14 Tim Wilkison of United States, 4-6, 4-6, 6-3, 6-4.

Masur will next play another unseeded player, Kelly Evernden of New Zealand, who ousted Derrick Stagno of the United States, 6-7 (7-9), 6-2, 6-4, 5-7, 7-5.

There also was an upset in the men's singles, as 10th-seeded Larina Lindqvist of Sweden beat No. 3 Pam Shriver of the United States, 6-3, 6-1, to move to the semifinals against top-seeded Martina Navratilova, a 6-0, 6-0, winner over No. 7 Zina Garrison of the United States.

Lindqvist, a baseliner who became the first Swedish woman to win a Grand Slam tournament final, hit a succession of pass-shots to frustrate Shriver, who never won a Grand Slam singles title but has teamed with Nav-



Kookaburra III led Australia IV around the windward mark en route to a 55-second victory, ending Alan Bond's hopes of defending the America's Cup against Stars & Stripes.

ratilova to win 14 women's doubles crowns.

Second-seeded Hana Mandlikova of Czechoslovakia, the 1980 Australian Open women's champion, routed No. 8 Lori McNeil of the United States, 6-0, 6-0, and next will play No. 5 Claudia Kohde-Kilsch of West Germany, a 7-6 (7-3), 4-6, 6-2 winner over unseeded Australian Elizabeth Smylie.

Masur, who was unable to gain a starting spot on the Australian Davis Cup team last year, outplayed Becker in the final set after he had

squandered three match points in the tense fourth-set breaker.

When Becker broke to lead 2-0 in the final set, he appeared set to cruise to victory. But Masur played some of his finest tennis of the day and Becker's resolve crumbled.

"He had me in the bag," Masur said. "Then he let the crowd rattle him a little and I kept my head."

Becker was involved in a number of temperamental outbursts during the match and was given warnings by umpire Wayne Spencer for being coached from the sideline and delaying play. Becker escaped cen-

sure for angrily smashing his racket on a number of occasions and for hitting a ball into the crowd.

"I couldn't serve or return, and suddenly I started to lose my cool," he said. "Then I got mad calls. It made me completely crazy."

"I got upset. I missed my break points and easy shots. Wally stayed steady. You have to beat him, and I didn't."

The defeat was Becker's second successive disappointment on the grass courts at Kooyong. He was beaten by Michiel Schapers of the Netherlands in the second round of the last Australian Open, which was played in December 1985.

Masur held two match points against eventual champion Stefan Edberg of Sweden in that open-bowl final.

"When I lost the fourth set, I was thinking it would be 1985 revisited," Masur said. "My head was starting to hang a little, but I knew I had to be positive."

Masur's nerve held, while Becker's failed him. The West German served 16 double faults, among them those on the final two points of the match and on break points in the third and fourth sets.

Earlier, the 21-year-old Cash had survived an exhilarating comeback by Annacore, ranked 43d in the world, before regaining his powerful serve in the final set. "They made me on the court on which Cash led Australia to victory over Sweden in the Davis Cup final last month, took 34 hours.

Mattingly Files Record Salary for Arbitration

By Murray Chass

NEW YORK — Don Mattingly, generally regarded by baseball people as the best player in the major leagues, surprised a lot of baseball people Monday by filing a figure of less than \$2 million for salary arbitration with the New York Yankees. Dwight Gooden, the New York Mets by handing in a salary nearly \$500,000 greater than his figure.

Mattingly's \$1,975,000 was the highest figure ever submitted by a player for arbitration, the Yankees' \$1.7 million the highest filed by a team. But their first man had been expected to try for \$2 million or so, and was given an excellent chance of winning, especially in light of the Yankees' \$1.7 million figure.

Run Rice of Boston and Eddie Murray of Baltimore, the Yankees' division, will earn more than \$2 million at season, and Mattingly's performance last season led over the past three compared favorably with them. "It's just something we went through and reviewed

and discussed and that's what we ended up with," Jim Krivacs, Mattingly's agent, said.

Mattingly, who last season earned a \$1,375,000 salary that was negotiated on the eve of his arbitration hearing, was one of eight players who submitted figures greater than \$1 million. Jack Morris of Detroit and Wade Boggs of Boston were at \$1.85 million, Gooden at \$1.35 million and \$1,325,000, respectively, Orlando Hernandez of Los Angeles at \$1.1 million and Ron Darling of the Mets at \$1.05 million.

Several players say their clubs submit cuts for 1987, including Hernandez, who gained a \$1 million salary in arbitration a year ago. He had a 19-3 record in 1985, but was 14-14 last season, and the Dodgers put in at \$800,000, the maximum 20 percent cut. Hernandez sought a \$100,000 raise.

The most unusual numbers were those submitted by Atlanta and pitcher David Palmer. Each put in \$725,000, which means they don't have to do anything else. The Braves' figure surprised Palmer because it was \$225,000 greater than their last offer in negotiations.

SCOREBOARD

Hockey

Table with columns for W, L, T, Pts, GF, GA. Includes sections for Wales Conference, Adams Division, Campbell Conference, and Monday's Results.

NBA Standings

Table with columns for W, L, Pct., GB. Includes Eastern Conference and Western Conference.

Basketball

Table with columns for W, L, Pct., GB. Includes Division I and Division II.

College Top-20 Ratings

Table with columns for Rank, Team, W, L, Pct., Pts. Includes Division I and Division II.

Zurbriggen Wins Slalom

ADELBODEN, Switzerland — Pirmin Zurbriggen skied to his 24th World Cup victory Tuesday, teaming with Jodi Gaspox for a 1-2 Swiss sweep ahead of Swedish veteran Ingemar Stenmark in a giant slalom.

Zurbriggen, the World Cup leader, made his best first run on a highly set 576-meter drop. He overcame minor slips in the top part of the second run for a winning total of 2 minutes, 33.82 seconds. It was his sixth victory this season and a repeat of his triumph on the same course a week earlier.

Gaspox, winner of the slalom at Wengen on Saturday, missed getting his fourth victory this season by 61-hundredths of a second.

Defending World Cup champion Marc Girardelli of Luxembourg dropped out of the second run after placing only 11th in the first.

Tennis

Australian Open

Pat Cash (11), Australia, def. Paul Anagnostou (11), Australia, 6-4, 6-1, 6-4, 6-3. Kelly Evernden, New Zealand, def. David Wheatley (11), Australia, 6-4, 6-2, 6-4, 6-3. Martina Navratilova (11), U.S., def. Zina Garrison (11), U.S., 6-0, 6-0. Hana Mandlikova (11), Czechoslovakia, def. Lori McNeil (11), U.S., 6-0, 6-0. Claudia Kohde-Kilsch (11), West Germany, def. Elizabeth Smylie (11), Australia, 7-6 (7-3), 4-6, 6-2. Elizabeth Smylie (11), U.S., def. Kelly Evernden (11), New Zealand, 6-0, 6-0.

Transition

LOUISIANA STATE—Normed Penn and Joe Lovell are defensive line coach. Normed Penn is head coach. Joe Lovell is offensive line coach. Normed Penn is defensive line coach. Joe Lovell is offensive line coach.

World Cup Skiing

ALBANY, N.Y.—The 1987 World Cup Skiing season is under way. The first race was held in Albany, N.Y. on Jan. 18. The race was won by Pirmin Zurbriggen of Switzerland.

U.S. College Results

Brown 108, Bryant 70. Cornell 108, New Hampshire 65. Dartmouth 77, Boston U. 77. Maryland 77, Bucknell 68. Navy 84, Delaware 66. Wake Forest 77, Wake Forest 77. West Virginia 85, Pittsburgh 47. West Virginia 85, Massachusetts 47.

Baseball

Transition

BALTIMORE—Agreed to a one-year contract with Mike Young, outfielder. MILWAUKEE—Traded Dave Jensen, outfielder, to Atlanta for Brad Kornhauser, outfielder. TEXAS—Traded Harmon Killebrew, outfielder, to Montreal for Pat Clifton, infielder.

Hockey

Transition

NEW JERSEY—Acquired Andrei Kostin, left wing, from Montreal. American Hockey League. QUEBEC—Sent Ralfi Bilzon, defenseman, to Fredericton. American Hockey League.

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